For professional investors only

Environmental, Social & Governance Report

2019/20

Pyrford

Contents

1. CEO foreward

It gives me great pleasure to introduce the latest edition of the annual Pyrford Environmental, Social and Governance (ESG) Report. This is the fourth year that we have produced an annual report covering our ESG activity over the previous calendar year. I would like to start by thanking those who have provided feedback on previous editions and I look forward to hearing from you on our latest report.

Last year was another incredibly busy year for my team here at Pyrford. Our Portfolio Managers and Analysts engaged directly with over 400 companies worldwide and this report will cover some of those engagements that we have carried out on behalf of our clients. We have always been strong believers in direct engagement and recognise that as investment managers we are in a unique position to influence and indeed help to transform the businesses that we invest in on behalf of our clients by encouraging them to adopt best business practice.

This year Pyrford also made the decision to assign internal ESG ratings to every company in which we are invested and this is explained in Section 3. Our internal ESG analysis sits alongside expert external analysis that we receive from MSCI ESG Research. We believe these sources complement one another and provide us with a strong foundation which will help the team to make informed decisions around the sustainability of companies.

In June 2019 we witnessed the introduction of the amended European Shareholder Rights Directive II ("SRD II"), which includes new requirements for asset managers and asset owners. The UK has generally been ahead of the European Union on Stewardship. Pyrford is ready for SRD II, and aspects of our public disclosure of voting records and our engagement policy already meet the requirements. In our view, there is alignment in our engagement with investee companies in matters relating to business model risks and ESG. Our discussions with company management on strategy, financial and non-financial performance and risk, capital structure, social and environment impact, as well as corporate governance are all oriented towards protecting or enhancing shareholder value. Pyrford remains committed and well positioned to adhere to SRD II which aims to encourage long-term shareholder engagement.

In 2019 we also received an improvement in our United Nations Principles of Responsible Investing (UNPRI) scores. In particular, under the category "Listed Equity – Incorporation", we moved to an A+ score (previously A). This category looks at how we have incorporated ESG within our investment process, so this is particularly pleasing. As signatories to the UNPRI, the world's leading proponent of responsible investment, and Tier 1 signatories to the UK Stewardship Code, Pyrford takes its responsibilities as investment managers extremely seriously.

As we publish this year's report we find ourselves in extraordinary times as the global Coronavirus Pandemic has plunged the world into chaos and financial markets into crisis. The calm of 2019 is now all but a distant memory. And yet amongst the chaos, we have witnessed many companies behaving extremely commendably for the greater good. Whether it's hotel groups offering free rooms for key NHS staff, telecom companies removing caps on data, shops voluntarily closing for the safety of their staff or airlines refunding bookings which were sold as non-refundable.

In challenging times like we find ourselves in today, it's crucial that ESG issues remain on the forefront of the agenda and in investors' minds. In the months ahead, my team will be engaging one to one with management of the companies we invest in, and whilst we respect that companies will be focused on the immediate pandemic crisis, we will be pressing them to ensure that sustainability issues are not forgotten. If the Coronavirus crisis highlights to businesses just one thing, it should be that running a business for the short-term only really works in the short-term.

Tony Cousins, Chief Executive & Chief Investment Officer
Pyrford International
March 2020

The UNPRI assessment methodology is available at: www.unpri.org/signatories/about-pri-assessment.
Pyrford International's full Transparency Report is available from: www.unpri.org.

Timeline showing significant ESG milestones at Pyrford

2010

Pyrford submits first statement of commitment to the UK Stewardship Code
Awarded "Tier II" Status under code

Signatory of:

PRI Principles for Responsible Investment

2014

Pyrford becomes signatory to the United Nations backed Principles for Responsible Investment (PRI)

2015

Pyrford subscribes to independent specialist ESG Research from MSCI

2016

First formal submission to the PRI

Climate Action 100+
Global Investors Driving Business Transition

2017

First edition of Pyrford's annual ESG report released
Pyrford ESG Forum established
Pyrford joins UK Investor Forum
Upgraded to a "Tier I" firm under the UK Stewardship Code

2018

Commences engagement with focus companies under Climate Action 100+

2019

Pyrford commences work on internal ESG ratings process

2. About Pyrford

Pyrford is a boutique London based provider of global asset management services for pension funds, charities, endowments, foundations and other institutional investors. Pyrford currently manages just over £9 billion in assets under management (as of 31 December 2019).

The company has been operating from its base in London since 1987. In 2007, we became a wholly owned subsidiary of BMO Financial Group, but maintain full autonomy and independence in investment management and client servicing.

Pyrford is a global institutional investor in high quality companies and government bonds. Many of the jurisdictions we invest in place responsibilities on investors to promote and support good governance in the companies in which we invest, helping to improve long-term returns to shareholders.

3. ESG at Pyrford & how we approach research

At Pyrford we believe the best approach to ESG research is a combination of internal analysis and specialist external, independent research.

We have one investment process across all portfolios at Pyrford. The process has always focused on quality, value, and the long-term sustainability of earnings and dividends. Our belief is that sustainable earnings can only be achieved through responsible environmental and social practices and that shareholders only fully benefit from these at well-governed companies.

In addition to our analysis of companies, our internal ESG Forum provides a platform to encourage and promote best practice within our business.

Pyrford ESG Forum

The Pyrford ESG Forum meets quarterly and is chaired by Paul Simons, a Senior Portfolio Manager at Pyrford and a member of our Investment Strategy Committee. Membership of the forum comprises of the CEO & CIO, a representative from each of our main regional investment areas (Europe, Asia and Americas), Client Relationship Management, Operations and Compliance.

The aim of our ESG Forum is to:

- Ensure awareness and communication between different areas of the business on ESG issues.
- Provide an opportunity for our Relationship Management team to feed-back our clients' comments and any concerns they may have on ESG matters and the companies we hold on their behalf.
- Encourage and promote best practice within Pyrford when it comes to incorporating ESG into every aspect of our role.
- Promote and discuss wider ESG industry issues and assess how they can impact our business and the companies we invest in.
- Report on the recent quarter's company engagement and proxy voting activity.

In addition, ESG issues have always and will always continue to be a standing item in our monthly Global Stock Selection Committee meeting, as well as an agenda item in every company meeting we attend. The ESG Forum will provide the opportunity to focus the business on this particular area of importance on a periodic basis. The forum will also facilitate the examination of how we can continue to enhance communication of our policies and activities in this area.

Internal Research:

The first step in Pyrford's ESG research is background reading on the ESG factors that are relevant to each of the companies we look at. The sources of this information include specialist ESG research from MSCI (see below under external research), company Sustainability reports, and publications from bodies like UNPRI, Carbon Tracker and the CFA Institute as well as sell-side brokers. Distillation of this material enables our investment professionals to identify the key questions to ask management during the face-to-face interviews, which have always been a fundamental part of our investment process.

Once these meetings have taken place, the next stage is to complete an internal ESG rating template. This is a new initiative for 2020 designed to encourage a deeper consideration of the ESG issues at each company during the investment research process, and to highlight absolute risks more than the relative ratings assigned within sectors that MSCI provides us.

The structure of the ESG rating template was debated at meetings in Autumn 2019 resulting in a list of 15 factors to be considered in setting a rating as detailed below. The possible ratings range from '1' where a company is deemed to have no material ESG risks over the next 5 years, to '5' where we have identified material risks that the company is not adequately addressing.

These ratings will be reviewed at least annually and though they are assigned by individual members of the investment team responsible for each stock, each is reviewed by the ESG Forum to ensure consistency across the portfolio.

Pyrford Internal ESG Analysis Framework

Environmental	
GHG Emissions	Does the company measure and report on its GHG footprint? Does it have credible initiatives to reduce this?
Climate change	To what extent might climate change negatively impact the operations of the company?
Depletion of resources	Does the company rely on the use of natural resources (including water) which are becoming scarce in its area of operations?
Toxic chemical use and disposal	Does the company use chemicals, the accidental release of which into the environment would be damaging?
Business opportunities	Does the adaptation to climate change or other environmental issues present new business opportunities?
Social	
Social Impact	Do the company's products or services create negative societal impacts?
Health and safety	If aspects of the company's operations are hazardous does it have clear policies, accountability and disclosure of Health and Safety metrics?
Discrimination	Does the company have public policies against workplace discrimination?
Diversity	Does the company have a public commitment to increase the diversity of its workplace against which it is reporting progress?
Political risk from involvement in troubled markets	Does the company have material operations in parts of the world where politics is volatile?
Living wage	Has the company made a commitment to pay all employees the local living wage?
Governance	
Executive compensation	Are the interests of shareholders and executives aligned?
Separation of Chairman/CEO	Are the roles of CEO and Chairman separate?
Dual or single share class	Do all shareholders have equivalent voting rights?
Board independence	Is the majority of the board independent?
Additional comments	

Pyford Internal ESG Ratings

1.	The company faces no material ESG risks over the next 5 years.
2.	The company faces low to moderate ESG risks over the next 5 years but has a public and credible plan to mitigate them.
3.	The company faces low to moderate ESG risks over the next 5 years and is developing plans to mitigate them OR The company faces moderate to high risks over the next 5 years and has a public and credible plan to mitigate them.
4.	The company faces low to moderate risks over the next 5 years but is not adequately addressing them.
5.	The company faces moderate to high ESG risks over the next 5 years and is not adequately addressing them.

External Research:

To provide independent external research, we have also engaged the services of a specialist ESG provider, MSCI ESG Research, a company that has regularly been voted "Best Firm for SRI research" in the Independent Research in Responsible Investment Survey, most recently in 2019.

MSCI provide us with detailed research reports examining the ESG impacts on investee companies and the wider universe. They have a team of over 200 experienced research analysts assessing thousands of data points across 37 ESG Key Issues, which focus on the intersection between a company's core business and the industry issues that can create significant risks and opportunities for the company.

MSCI also assign ratings to all companies we look at on an AAA-CCC scale relative to the standards and performance of their industry peers.

CCC	B	BB	BBB	A	AA	AAA
LAGGARD		AVERAGE			LEADER	

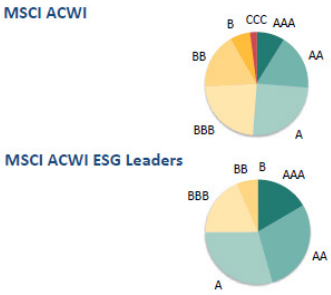
These ratings are used in conjunction with the internal ratings described earlier, and also serve to alert us to changes at a company that may require our attention. If a company's MSCI rating falls, an alert is sent to the relevant portfolio manager or analyst and the reasons for the downgrade are discussed in detail by the Pyrford investment team. If the rating falls to B or CCC (a "Laggard") an out-of-cycle engagement takes place with the company to identify the cause. A downgrade will trigger an engagement with the company to encourage adequate improvements, as will an ESG 'controversy' arising.

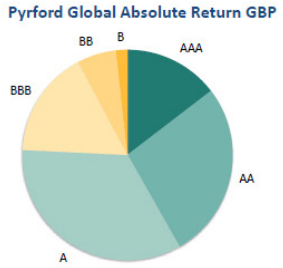
In addition to stock level reports, MSCI ESG Research also provides us with portfolio level ESG analysis reports which help us to identify any potential risks to the portfolio as a result of underlying ESG issues. To show an example of the level of independent output we receive, the following snapshot is taken from MSCI analysis of one of Pyrford's core strategies; the Pyrford Global Absolute Return Strategy (equities only):

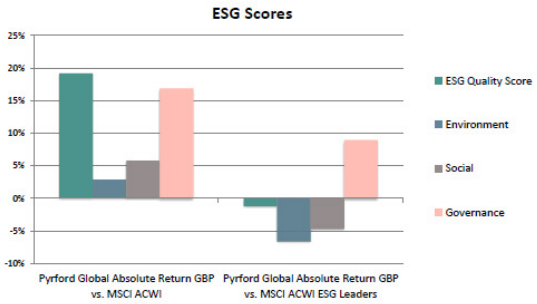
Portfolio Summary - MSCI ESG Ratings

MSCI ESG Portfolio Analytics
Pyrford International - Pyrford Global Absolute Return GBP

	MSCI ACWI		MSCI ACWI ESG Leaders		Pyrford Global Absolute Return GBP		Pyrford Global Absolute Return GBP vs. MSCI ACWI		Pyrford Global Absolute Return GBP vs. MSCI ACWI ESG Leaders	
SUMMARY	SCORE*	WEIGHT**	SCORE	WEIGHT	SCORE	WEIGHT	SCORE COMPARISON			
% Covered by ESG Research		99.73%		99.99%		100.00%				
ESG Quality Score	5.85	100.00%	7.06	100.00%	6.98	100.00%	↑	19.18%	↔	-1.19%
ABSOLUTE PILLAR SCORES										
Environment	5.46	22.58%	6.02	22.84%	5.62	21.74%	↔	2.86%	↓	-6.63%
Social	4.76	44.47%	5.29	44.48%	5.04	46.14%	↑	5.78%	↔	-4.72%
Governance	5.24	32.95%	5.63	32.68%	6.13	32.12%	↑	16.90%	↑	8.95%
ESG RATINGS							WEIGHT COMPARISON			
Distribution of holdings with ESG Coverage										
AAA		8.86%		16.59%		14.59%		5.73%		-2.00%
AA		17.42%		29.00%		27.18%		9.76%		-1.82%
A		24.92%		29.32%		33.99%		9.07%		4.66%
BBB		23.03%		18.58%		16.47%		-6.57%		-2.11%
BB		17.48%		6.50%		6.04%		-11.44%		-0.46%
B		6.28%		0.01%		1.73%		-4.55%		1.72%
CCC		2.01%		0.00%		0.00%		-2.01%		0.00%
Sum of ESG Coverage		100.00%		100.00%		100.00%				







MSCI | MSCI ESG RESEARCH LLC

* All scores are on a 0-10 scale, with 10 being the best.
** If ESG coverage is less than 100% holdings are adjusted to 100% for report calculations.

For illustrative purposes only, not intended as a solicitation or recommendation of the strategy.

Some of the findings from the report are as follows:

1. Overall Pyrford's equity portfolio scores higher than the MSCI All Country World Index (ACWI): 7.0 v 5.9 (+19.2%).

2. The Pyrford portfolio scores just 1.2% lower than the specialist MSCI ACWI Index ESG leaders Index (7.0 v 7.1).

3. When compared to the MSCI ACWI Pyrford has higher scores in all 3 categories: Environmental, Social and Governance.

4. Over 40% of Pyrford companies are invested in "leader companies" AAA or AA companies.

5. Pyrford currently holds no "CCC" rated companies in our Global Absolute Return Strategy.

We believe these high scores against the wider market, are reflective of our rigorous focus on quality, value, and the long-term sustainability of earnings and dividends.

Pyrford would be delighted to present the full findings from the detailed report in person to our clients, if required.

In conclusion, it is this combination of internal ESG analysis alongside specialist external and independent ESG research that provides us with an exceptionally high level of coverage.

The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. With 3,047 constituents, the index covers approximately 85% of the global investable equity opportunity set. The MSCI ACWI ESG Leaders Index is a capitalization weighted index that provides exposure to companies with high Environmental, Social and Governance (ESG) performance relative to their sector peers. MSCI ACWI ESG Leaders Index consists of large and mid-cap companies across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. The Index is designed for investors seeking a broad, diversified sustainability benchmark with relatively low tracking error to the underlying equity market.

Investments cannot be made in an index.

4. Looking at the "S" in ESG – addressing social issues

In recent years, the discussion surrounding Environmental, Social and Governance (ESG) issues has focused in on the "E" as growing public concern and understanding about the immediate threat to our environment is at the forefront of minds. Whilst "Governance" has long been embedded within investors' minds and the importance of good corporate governance in creating sustainable business models is well understood, perhaps less attention is directed at the second of these areas, the "S" in ESG - Social issues.

Introduction

Over the past few years, a number of companies have demonstrated poor social performance and in many cases poor employment practices which have landed the media spotlight firmly upon them. Some examples include:

- The British retailer Sports Direct's working practices at its Shirebrook warehouse facilities attracted criticism after a newspaper exposed how the company was paying staff less than the legal minimum wage. The company also came under fire from trade unions due to the working conditions at its facilities where a number of incidents were reported.

- The Irish budget airline Ryanair has faced continuous labour disputes with its workforce and their trade unions that has resulted in repeated strike action. Demands were centred around better pay and working conditions.

- And most recently, Uber drivers have gone on strike globally to demand better pay and workers' rights.

In all cases the negative publicity has attracted unwanted attention on the company, forcing them to address the problems within the organisation, often after significant brand damage has occurred.

It has been well documented that poor ESG practice can negatively impact a company's performance and financial results in a number of ways. These include reputational damage for falling short of societal expectations, financial costs or litigation, and threats to an established business model from environmental change. Good practice by companies in these areas can reduce risk significantly. Additionally, good practice in these areas can help a business to differentiate itself, thereby giving it a competitive edge over rivals.

One of the major issues faced when assessing social factors is defining what "Social" actually means and establishing how to incorporate social factors within investment analysis. "Social" can broadly encompass a wide range of areas including working conditions, health and safety, employee diversity and businesses interaction with local communities. In addition, many of the issues that may fall within "Social" can cross over with Environmental and Governance. Diversity in the board room is a good example, as this issue is usually considered under Governance, despite the growing awareness of the benefits of workplace equality.

At Pyrford we have always taken the view that companies which manage to maintain a motivated and committed workforce will be able to deliver better and sustainable long-term outcomes. In particular, we aim to limit downside by avoiding surprises. We believe that poor workplace practice will inevitably come to light, which will ultimately impact share prices negatively, as has been the case for many high-profile companies. Put simply, we do not want to see the companies we invest in on the front pages for the wrong reasons.

In this section, we will look at the broad scope of area covered under "Social" and, where possible, demonstrate examples of engagement that we have carried out on behalf of our clients. To begin, we will examine some of the social changes or "megatrends" taking place that are challenging the way we think about the traditional workforce.

A changing world

A number of important social changes are taking place that are having a significant structural impact on economies and societies and introducing new risk factors for investors that may not have been seen previously. These include the expansion of globalisation, demographic change and a changing workforce, the emergence of Artificial Intelligence (AI), and digital disruption. These "megatrends" have implications for all industries as they affect the future of the workplace and shape consumer needs. Whilst these changes will no doubt create opportunities, they inherently also present risks for investors looking at the social impact of companies and it is therefore important that investors are aware of these changes and how they will impact investment decisions. We expand on some of these megatrends below:

Globalisation is by no means a new phenomenon. We are, however, witnessing a rapid increase in cross-border movement of goods, services, capital, and technology. Economic globalisation should, in theory at least, be positive as it leads to increased efficiency in markets which in turn results in wider availability of products at a lower cost. Saying that, there may also be a detrimental effect to social well-being that needs to be taken into account. The garment industry is a good example of this where we have seen a continued increase in the reliance of cheaper labour coming from emerging regions, in particular from South-East Asia. This has not only led to a rise in labour issues but also to the disappearance of the textile industry in Western countries. This so called 'offshoring' is taking place across many sectors.

Demographic change is shaping not only society but also the workforce. Due to improvements in health care and changes to lifestyle, life expectancy is rising and birth rates are falling. This has caused many developed countries' populations to age drastically, which in turn forces people to work for longer and for companies to provide for an ageing workforce. Family and marriage patterns are also changing, with people on average waiting longer before getting married and fewer people starting families. This consequently shapes family structures and gender roles.

There have also been dramatic changes to the composition of the working environment over the last few decades. Technological advances are enabling workers to be connected to their work away from the office, allowing for greater flexibility, and diversity has become a crucial facet of the modern workplace. There are now greater incentives to create an inclusive culture and not discriminate on the basis of gender, religion, race, sexual orientation, age or disability. Statistically, however, individuals from such minority groups may still be more likely to become and remain unemployed, and when they do join the workforce, they often they have to accept lower quality jobs or lower wages. Hence, there is still more work that needs to be done. This is particularly important as there is growing evidence to support the effectiveness of a diverse workforce, and companies should thus be encouraged to adapt accordingly.

Artificial Intelligence (AI) and advancements in robotics are worth noting in reference to megatrends affecting how we think about economies from a social perspective. Rapid advances in automotive technologies will significantly disrupt labour markets and companies must carefully manage the adaptation of technology and anticipate the impact on their employees. While AI and automation can enhance the productivity of products and services whilst lowering costs, they will also replace the work done by others which in turn has a negative effect on society. Very few industries are exempt from the risks poised.

Digital disruption is another social trend that is having a huge impact across all industries. This trend is closely linked to the rise of AI which has transformed the business models of traditional industries. This has been seen in companies from Amazon to Uber to Revolut. These companies have managed to enter existing markets with different, and more digital, business approaches and have managed to overturn and sometimes supersede existing business models.

Data is an issue that can fall under the category of "Social". A related issue is the link between digital technologies (big data) and the ownership/use of the data (including data privacy, monetisation of data etc.). Consumers can use the technology of companies such as Facebook, Twitter and LinkedIn free of charge. However, these companies can develop detailed user profiles, which can be used for marketing purposes. The risks include personalised targeting (e.g. a political/marketing campaign as seen in the case of Facebook/Cambridge Analytica). Due to these kinds of scandals, there is a debate around the growing need for regulating the industry. This may affect the profitability of these companies and should be considered by investors.

Defining social factors

Social factors and their significance vary significantly, both from a controversial and financially material perspective across sectors and regions. Investors therefore need to decide what social factors to consider that are relevant to the companies, industries or regions that they are analysing. For example health and safety plays a more important role within the Materials sector when looking at mining companies than it would within the financial sector.

Definitions on what social actually includes varies widely. MSCI, our external ESG research providers, provide the following breakdown of "Social". They break down Social into four key areas: Human Capital, Product Liability, Stakeholder Opposition and Social Opportunities.

Social	
Human Capital	Labour Management, Human Capital Development, Health and Safety, Supply Chain Labour Standards
Product Liability	Product Safety & Quality, Chemical Safety, Financial Product Safety, Privacy and Data Security, Responsible Investment and Health & Demographic Risk
Stakeholder Opposition	Controversial Sourcing
Social Opportunities	Access to Communications, Access to Finance, Access to Healthcare & Opportunities in Health & Nutrition

Below we have highlighted a few examples of areas that fall under "Social" where we have engaged on behalf of our clients. For our latest engagement examples, please refer to section 8.

Health and safety

Safe and healthy work environments are essential to the well-being of employees, as well as to the long-term sustainability of any company's operations. It should also be borne in mind that health and safety is the subject of many laws and regulations. Failure to comply with these regulations in turn renders companies and individuals liable to prosecution.

Health and Safety focuses on protecting the workforce from accidents and fatalities. The topic also has evolved to a broader concept of working conditions that promotes employee well-being, for instance through ergonomic workplaces, flexible working hours etc. In recent years we have also seen increased awareness of mental health within the workplace and employee benefit programs continue to evolve to tackle a number of emerging workplace health issues and challenges.

The following engagement example looks at where Pyrford have engaged on the issue of Health and Safety within the workplace.

Newcrest Mining (Australia) – Health & Safety

Background: Newcrest Mining Limited is a gold mining company engaged in exploration, mine development, mine operations and the sale of gold and gold/copper concentrate. It owns and operates a portfolio of mines and a pipeline of brownfield and greenfield exploration projects.

Summary: Mining is, by nature, an inherently dangerous business and Pyrford, as shareholder, have been engaging with Newcrest on the issue of Health & Safety at their operations for a number of years. This process of engagement began in 2016 after three fatalities had occurred at their operations in the previous year. During the 2017 financial year, Newcrest achieved its first zero fatality year since 2005. This was a strong improvement in performance and was achieved despite experiencing a significant seismic event at their Cadia operations during the period. Following the results, we met with the CFO and sought to understand how zero fatalities had been achieved, the progress on the target for zero life changing injuries and also how Newcrest plan to continue to improve the safety of their operations.

Newcrest outlined that following the implementation of 'New Safe', a bottom up initiative to try and modify behaviours around high risk tasks, safety had become a part of daily operations. They believe that achieving a zero fatality year was down to the 'NewSafe' initiative providing a safety tool kit and the creation of a behavioural environment and culture, where not only everyone uses the tool kit but also has the freedom to talk about safety. Newcrest also stressed that the focus on safety is company-wide and led from the top, and is not something that is only practiced at the high risk mining sites.

At the end of 2019, Newcrest announced that they had now achieved over four years of zero fatalities or life-changing injuries. They went on to report that their total recordable injury frequency rate is at industry low levels, with a further 3% decline this year. While we are pleased with Newcrest's performance on health and safety, we continue to be cognisant that mining is an inherently dangerous activity. Pyrford meet with all companies that we invest in on an annual basis and we will continue to engage with Newcrest on the issue of health and safety.

At present we are pleased with the efforts by Newcrest to address concerns in this area and we are confident that they have the policies, controls and leadership in place to continue to improve the safety of their operations.

Supply Chain Labour Standards

A supply chain is a network between a company and its suppliers to produce and distribute a specific product to the final buyer. This network includes different activities, people, entities, information, and resources. Supply chains are highly complex, usually spanning many countries and jurisdictions with multiple layers of regulation attached. Globalization & technological advances have helped to induce greater complexity in the supply chain. Supply chains are essential to the success of businesses and can be a significant source of value creation.

As supply chains fall outside of a firm's core operations, they are often exposed to hidden and uncontrollable risks typically driven by ESG factors, such as human rights abuses, natural resource depletion, and corruption. These issues, if not managed correctly, can harm the reputations, operations and financial performance of companies. Violations of this nature usually occur deep within supply chains. Below we have expanded on two important areas which fall under Supply Chain Labour Standards – child labour and prison labour.

Child Labour is work carried out to the detriment and endangerment of a child, in violation of international law and national legislation. According to the International Labour Organisation (ILO) 170 million children worldwide are engaged in child labour. Defined by the UN as "work for which the child is either too young – work done below the required minimum age – or work which, because of its detrimental nature or conditions, is altogether considered unacceptable for children and is prohibited".

Whilst child labour can be found at some level in most industries, 7 of every 10 child labourers are in the agricultural sector. Some of the most common industries that employ child labour include coffee, cotton, sugarcane, tobacco, the garment industry and gold. In 2015, the United Nations developed a set of 17 "Sustainable Development Goals" (SDGs) for the year 2030.

Two of these goals—SDG 8.7 and SDG 16.2—address child labour specifically:

- SDG 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

- SDG 16.2: End abuse, exploitation, trafficking and all forms of violence and torture against children.

Supply chain transparency is crucial in order to determine if child labour exists in the supply chain. Identifying child labour provides the opportunity to eliminate it and find more responsible and ethical alternatives. Child labour is often found deep within the supply chain and by gaining visibility, businesses are able to work directly with their underlying suppliers to find ways to eradicate the problem.

The following engagement example looks at where Pyrford have engaged on the issue of child labour within the supply chain.

Japan Tobacco (Japan) - Supply Chain Labour Standards

Background: Japan Tobacco (JTI) is one of the world's largest cigarette manufacturing company. In 2018 an investigation conducted by a leading UK newspaper, titled "Child labour rampant in tobacco industry" reported how the tobacco industry employed children to work in tobacco plantations in Indonesia, Malawi and Mexico. Japan Tobacco was named within the article – along with other cigarette manufacturers and leaf-buying companies. Pyrford were concerned by the contents of the article and immediately contacted the company for a response.

Summary: The company sets out clear polices on its supply chain management and sustainability on its website. In response to the contents of the article JTI claimed that all its suppliers are assessed via the Sustainable Tobacco Programme. Japan Tobacco has also set up a joint initiative called ARISE (Achieving Reduction of Child Labour in Support of Education), in conjunction with the International Labour Organization (ILO) and Winrock International, with the aim of eliminating child labour in tobacco growing communities where the company is active.

The company claims that through education and empowerment ARISE aims to end child labour in tobacco growing communities, to create new opportunities and better futures for children and the generations to come.

JTI's aim is to implement their Agricultural Labour Practices (ALP) program in all sourcing countries by 2025. ALP are standards supporting JTI's commitment to sustainable tobacco farming, through a cycle of continuous improvement. As part of the programme JTI require all contracted tobacco growers and leaf merchants to comply with internationally recognized labour standards regarding the following three areas: child labour, rights of workers and workplace health and safety.

Pyrford will continue to engage with Japan Tobacco at every opportunity to ensure they retain high levels of industry best practice within their supply chain. We recognise that poor labour practices are common place with agriculture in emerging markets and believe as shareholders we have a duty to try and influence companies to strive for best practice. We meet with the company annually and this will remain a "live" engagement.

Prison Labour within the supply chain is another area of contention where investor awareness is growing. In the United States, Prison labour is enabled by the 13th amendment of the U.S. Constitution which prohibits slavery "except as a punishment for crime." A staggering 2.2 million individuals in the US are incarcerated in prison and a significant number of inmates work to produce goods for private companies that partner with prisons. Prison labour, however, is obviously not confined to the US. According to anti-slavery group Alliance 8.7. 560,000 prisoners worldwide were victims of forced labour to the benefit of private individuals or organizations in 2016.

There is minimal regulation existing around the protection of workers within the prison labour force. Those who are incarcerated are employed in working conditions that have been described as modern slavery, Overall, inmates are vastly underpaid with some reportedly working for less than $1 a hour and inmates have very few rights related to their employment. With incarceration rates in the US for black men substantially higher than that for whites, the connection with the country's history of slavery is unavoidable.

In 2018 one of the largest prison strikes in US history took place with inmates across the country protesting what they call "modern day slavery". Through labour strikes, hunger strikes and sit-ins, protest organizers demanded an end to what they see as exploitation and racism in the world's largest incarceration complex. One of the 10 demands called for "an immediate end to prison slavery. All persons imprisoned in any place of detention under United States jurisdiction must be paid the prevailing wage in their state or territory for their labour".

Identifying the use of prison labour within the supply chain can clearly be challenging for companies who purchase goods from multiple supplies. The issue that companies must address is that without knowledge of where prison labour lies deep within their supply chain, a company cannot protect itself (or stakeholders) from the financial impact of the brand damage that can occur due to being associated with such practice. If companies are using prison labour, even if it is indirectly, then they are participants in a highly questionable practice that is likely in conflict with many companies' stated values. Companies therefore have an obligation to identify any incidences of prison labour in the company supply chain.

Where prison labour does occur – and it remains legal – companies should be proactively engaging with suppliers to ensure that workers employed are fully protected and working conditions are of a high standard. They should do all they can to ensure that prison labour is never forced. The following example details an engagement we have begun with a company on the issue of prison labour within the supply chain.

Company: **Home Depot Inc. (US)**	AGM date: **23 May 2019**	Issue: **Social, Prison Labour**

Background: The Home Depot Inc. is a home improvement retailer in the USA. The company's stores sell various products related to home improvement and building materials, lawn and garden products as well as installation and professional services to assist customers in the do it yourself or do it for me professional customers across the country.

At the 2019 annual general meeting, agenda 6, a shareholder proposal, asked shareholders to vote on whether or not the company should produce an annual report to shareholders on prison labour, summarizing the extent of known usage of prison labour in the company's supply chain.

In its statement supporting the proposal, the proponent (an asset manager) asserts that using prison labour in its supply chain could present financial and operational risks to the company, specifically the risks of supply chain disruption, litigation, and reputational damage. The risks arise, according to the filer, because prison labour is not always voluntary and "is often deployed in a manner that involves prisoner mistreatment and is frequently compared to modern slavery."

Management asked shareholders to vote against the motion arguing that the actions the company has taken to ensure that forced prison labour is not used in its supply chain are appropriate.

Summary: Pyrford voted against management in relation to the shareholder proposal for management to report annually on the company's known usage of prison labour in the company's supply chain.

Pyrford felt that a vote in favour of this resolution was important. In our view reporting on the company's knowledge of any use of prison labour within the supply chain would help shareholders assess the level of human rights risk that may be facing the company.

In 2017, a lawsuit was filed against a Home Depot supplier that made dock floats for sale in their stores and other retailers using unpaid, forced punitive labour in the U.S. Given that it does not appear that Home Depot requires third party audits of products made in the United States, this example illustrates the need for a full review of our company's supply chain for exposure to this risk.

Home Depot discloses details about its sourcing program in its annual Responsible Sourcing Report. The company claim that sourcing guidelines prohibit any form of involuntary labour. The company updated its responsible sourcing standards in early 2019, following analysis of its supply chain and information from peer companies and the Responsible Business Alliance (RBA). The company also joined the RBA Responsible Labour Initiative, which provides the company with access to best practices, tools, and partnerships to enhance its forced labour due diligence.

Pyrford recognises the challenges that companies face when monitoring supply chains and therefore believes further scrutiny and reporting in this area is warranted. From a risk perspective Pyrford is concerned to read media reports surrounding the use of forced prison labour in Home Depot's supply chain as it can present financial risk to the company, specifically the risks of litigation and reputational damage.

Whilst the shareholder proposal did not pass, approximately 30% of shareholders did vote in favour of the proposal. This sizable vote by shareholders in support of the motion, will hopefully encourage management to adopt further scrutiny of its supply chain in respects to the use of prison labour.

Following the result of the ballot, Pyrford contacted the company directly and have scheduled a meeting in 2020 with the company to discuss this issue further.

Labour Management - Workplace Discrimination & Gender equality

Assessing how companies uphold labour rights is important for investors to gain insights into the corporate culture and the level of employee satisfaction. We have always taken the view that companies that maintain a motivated workforce will be able to deliver better and sustainable long-term outcomes and therefore companies must ensure all of their employees are protected within the workplace. A company operates most effectively and efficiently when the workforce is positive and productive. This ensures that the costs of turnover, absenteeism or strike actions are reduced.

Labour management covers a wide spectrum of employee related matters including freedom of association (union membership), the living wage, and protection from workplace discrimination. One area of increased public debate in recent times has surrounded gender equality after a number of high-profile cases of poor practice emerged. Companies are increasingly under pressure to demonstrate their ability to prevent gender discrimination and promote equality.

Discrimination cases can affect the legal security, the reputation, the organisational efficiency and the workplace cohesion of a company and therefore it is crucial that companies take these issues seriously. Indeed, companies that are proactive in promoting diversity can attract new employees, improve their brand, reputation, image and foster a culture of innovation and productivity. The benefits of gender diversification on boards and within management teams have long been established and there is growing evidence that a more diverse workforce is more effective.

The following engagement example looks at where Pyrford have engaged on the issue of workplace discrimination in the US:

Microsoft Corp. (US) - Workplace Discrimination

Background: In 2018 a number of allegations were made against Microsoft in the US. The allegations centred on sexual discrimination and harassment within the workplace and the company faced wider press scrutiny with regards to the internal culture at the company. The story reported that the company was being sued for systematically denying pay rises or promotions to female workers. Plaintiffs who filed a lawsuit in Seattle Federal Court cited 238 such complaints about gender discrimination or sexual harassment between 2010 and 2016.

Summary: Pyrford contacted the company to gain further information and insight into the situation and events; to ascertain whether such allegations were indicative of a systematic problem within the firm and for further information as to the reputational risk mitigation efforts. Pyrford's also expressed concern that the company's internal culture in reality does not reflect stated values around gender equality and unease that sexual harassment might have occurred.

The company was at pains to respond publicly and directly to explain that these reports were in conflict to the company's actual values. The press coverage was amplified in the context of wider exposure and press coverage of many public cases at the time involving high profile names.

The Governance Director also pointed Pyrford to the corporate email sent to all employees and posted on the public website. The email, from the Chief People Officer, was comprehensive in its defence. In essence the company defends itself and argues it has strong policies against discrimination of any kind and sexual harassment and has multiple mitigation strategies in place. The company became the first of the Fortune 500 to endorse legislation in favour of public court hearings for any claims of sexual harassment. The company has argued any complaints to HR should be kept confidential and non-public in order to avoid deterring future reports by staff who have any issues. The Governance Director also emphasised the extent of the processes and safeguards in place to investigate any allegations and respond expediently.

Pyrford were satisfied that appropriate action was being taken and shareholder concerns were taken on board. Pyrford were, however, concerned to see further allegations surface in March 2019 when an email chain containing stories of sexual harassment surfaced. Pyrford are no longer shareholders in the company, but we will continue to monitor this issue at the company and we will engage with the company at every opportunity.

Product Liability - Product Safety & Quality

Consumer protection is based on consumer rights and the idea that consumers have an inherent right to basic health and safety with the products and services that they use. These are safeguarded by (1) enforcing product safety (2) distributing consumer-related information; and (3) preventing misleading marketing.

Product liability cases can result in financial loss, as well as significant brand and reputational damage to companies involved with the manufacturing or selling of products and services that fail to meet expected standards. Businesses will be found liable to consumers when a court finds design flaws, manufacturing defects or a failure to warn consumers of a possible danger. The risks associated should therefore be taken into account when researching companies.

The final engagement example in this section looks at where Pyrford have engaged on the issue of workplace product safety within the pharmaceutical sector:

Sanofi (France) - Product Safety & Quality

Background: Sanofi is a global healthcare company. Its growth areas include Diabetes, Vaccines, Rare Diseases and Consumer Health. In December 2017, the Ministry of Health in the Philippines decided to suspend the Dengue fever vaccination program in the country pending further review of the safety of Sanofi's vaccine, Dengvaxia. The Philippines Department of Justice announced that they were filing charges against Sanofi employees involved in the clinical trials of the vaccine, as well as members of the former administration.

Summary: In light of these developments, Pyrford was concerned about the safety profile of this vaccine in other high endemic countries, as well as the possibility of negligent or unethical behaviour on the part of Sanofi employees. Dengvaxia provides persistent protective benefit against dengue fever in those who had prior infection. Sanofi has confirmed, however, that for those not previously infected by the virus, 'more cases of severe disease could occur following vaccination upon a subsequent dengue infection.'

Our first engagement with management at Sanofi on Dengvaxia was in 2015. At the time there was considerable hype surrounding a 'blockbuster' vaccine for dengue fever. We had read reports about some safety and efficacy issues surrounding the vaccine and quizzed management on these issues. Their comments at the time were that the vaccine was most efficacious on dengue serotypes 3 and 4. There had been some negative studies, but the company stated that 'the data do not show that the situation gets worse' post vaccination.

Subsequent to this meeting, it was clear that there were some genuine safety concerns with the vaccine. This culminated in its suspension by the Ministry of Health in the Philippines.

We engaged with Sanofi throughout 2018 about some of the issues surrounding Dengvaxia, in meetings and through email correspondence. Our concerns with conclusions - were as follows:

1. Ensuring that Sanofi was doing all it could to tighten the labelling of its vaccine to protect future patients. Conclusion: The vaccination will only be recommended when the potential benefits outweigh the potential risks. For individuals who have not been previously infected with the disease, the vaccination will not be recommended. The new label proposal will be reviewed by national regulatory agencies in each of the countries where the vaccine is registered.

2. Understanding how much Sanofi knew about these safety concerns prior to the immunisation programmes beginning, and who is being held accountable. Conclusion: On this issue the company has been vague and non-committal in its answers. They have simply stated that 'Dengvaxia was launched in the Philippines in 2016, based on twenty years of clinical research conducted to the highest ethical standards involving thirty thousand people in large scale trials.'

3. Whether the individuals that had become ill with a severe form of the disease had fully recovered. Conclusion: All cases recovered after symptomatic treatment and re-hydration therapy.

4. Establishing if there are any other countries where the vaccine poses a risk. Conclusion: The company has stated that the situation they see in the Philippines 'is very different from what we see in the rest of the world.' However, as stated above, Sanofi is in contact with the health authorities where the vaccine is available or registered to update the prescribing information of Dengvaxia.

5. Whether a 'Rapid Diagnostic Test' (RDT) had been developed that can assess prior dengue infection as an aid to vaccination. Conclusion: Sanofi is developing such a test, and an optimised RDT is expected to be available at some point in 2020.

We meet with the company at least annually and will continue to raise issues surrounding the case when necessary.

Challenges in measuring Social factors

In recent years companies have made significant advances in environmental and governance reporting. Less attention, however, has focused on measuring social factors. A report from the NYU Stern Center for Business and Human Rights (March 2017) found that when it came to evaluating companies on their toxic waste emissions ("E") or vulnerability to fraud and corruption ("G"), investors had an array of tools to assist them. But their analysis of 12 leading ESG frameworks found that the industry is still falling short of this objective when it comes to "S".

The authors of the report found four fundamental gaps in current ESG reporting standards, including:

- Social measurement evaluates what is most convenient, not what is most meaningful.
- Current approaches to disclosure are not likely to yield the information needed to identify social leaders.
- The lack of consistent standards underpinning social measurement increases costs and creates confusing "noisiness" across the ESG industry.
- Existing measurement does not equip investors to respond to rising demand for socially responsible investing strategies and products.

Source: Putting the "S" in ESG: Measuring Human Rights Performance for Investors. NYU Stern, March 2017

Measuring the actual impact of a company's social efforts is more complex and multi-dimensional than simply assessing good governance structures. Intangible changes are often subjective. Quantifying the results can be problematic. This is one of the things that make stakeholders question the degree to which the "S" in ESG actually leads to longer-term profitability. The NYU Stern Report found that many within the industry still view "S" as a check-the-box exercise in which investors and companies can appear to comply with rising consumer expectations around sustainability, while avoiding the actual costs of improving performance.

At detailed in Section 3, at Pyrford we have recently established a framework to enhance our proprietary ESG research. As part of our internal analysis of companies, when considering social aspects, we would like to see companies putting in place robust structures and initiatives aimed at tackling social issues.

The framework we have employed is as follows:

Pyrford ESG Analysis Framework: Social Factors	
Social Impact	Do the company's products or services create negative societal impacts?
Health and safety	If aspects of the company's operations are hazardous, does it have clear policies, accountability and disclosure of Health and Safety metrics?
Discrimination	Does the company have public policies against workplace discrimination?
Diversity	Does the company have a public commitment to increase the diversity of its workplace against which it is reporting progress?
Political risk from involvement in troubled markets	Does the company have material operations in parts of the world where politics is volatile?
Living wage	Has the company made a commitment to pay all employees the local living wage?

How Pyrford can use its influence as asset managers

Direct engagement with companies is, in our view, the most effective way that we, as representatives of asset owners, can try to influence the business practices of companies and encourage them to adopt practice on ESG issues through a process. Typically, engagement is one-to-one with companies as we believe this method yields the best results.

Our Portfolio Managers must visit every company where we invest prior to first investment and we meet with the company at least annually thereafter. Hopefully the examples provided above will give some context of how engagement works within the context of analysing companies' social impact. Pyrford have put in place a clear framework where escalation with company management is required and how it is carried out in the event of ESG issues coming to light.

Full details of our engagement and recent examples of engagement are looked at further in sections 7 & 8.

Collective Engagement along with other asset managers is another powerful tool of engagement that Pyrford can employ to encourage best practice. In 2017 Pyrford joined the UK Investors Forum which has enabled Pyrford to engage collectively with over 50 asset managers on a range of important issues. Another example of collective engagement is our work as part of Climate Action 100+ which began in 2018. Climate Action 100+ is a five-year initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

Proxy voting is an additional way we can try and influence the business practices of our investee companies as demonstrated in the engagement earlier with regards to prison labour in the supply chain. Our approach to voting is to vote all proxies in the best interests of our clients and our voting policy is publicly available on our website and in the appendix to this report.

Below we have highlighted some extracts from our proxy voting policy that deal with the issues of social impact discussed in this section.

Extracts from Pyrford's Proxy Voting Policy

1.1 Social Responsibility	Proposals disclosing human rights issues should be supported after being individually examined; Withhold votes from, or vote against, a suggested slate of directors that have been unresponsive to social or environmental issues and where corporate performance has been unsatisfactory; Vote for resolutions requesting reasonable disclosure of hiring, evaluation and promotion policies and practices; Vote in favour of proposals for increased regulation in the area of testing and approval of genetically engineered foods. Vote in favour of proposals for stronger long-term testing procedures and protocol in genetically engineered foods.
1.2 Board of Directors	Diversity - Boards should have members with differing backgrounds and expertise.

Finally, disinvesting is a tool that asset owners can use to show opposition to a company's business practice. Whilst on an individual basis taking a view on this is less complex, the same cannot be said for trustees of pension funds who face a fiduciary dilemma. Trustees are ultimately responsible for making investment decisions on behalf of their underlying members, who in some cases may not feel strongly about the issue.

The question for Pyrford, as an investment manager, will always be one of fiduciary duty. We take the approach that if a client wishes to apply investment restrictions based on ethical or indeed financial reasons, then this can be achieved by utilising a segregated portfolio. Today we manage portfolios for clients with restrictions – ex tobacco portfolios is a good example of this. For pooled investors, this is clearly more challenging.

In our view, we would be in breach of our fiduciary duty as an investment manager if we imposed the ethical views we might have on portfolios managed on behalf of clients. That said, if a company that we invest in, fails to take social issues seriously then a financial case to disinvestment could be made in order to avert possible future adverse publicity. A process of direct engagement with company management would supersede any decision to look at disinvestment.

It is difficult to know what method of investor protest works better – divesting or engagement. Perhaps both strategies have a role to play in helping to encourage companies to tackle the ethical challenges that we face today.

Conclusion

There is no doubt that the investment management industry must improve measurement of social performance when analysing companies in order to understand the long-term benefits of strong social performance. Companies that fail to do so will risk being left behind as investors demand more scrutiny is applied in this area. Demand for specialist ESG products is growing at a rapid pace, with millennials in particular favouring sustainable investing. Asset Managers who do not offer specialist ESG products will be under increasing pressure to demonstrate that they are taking measures to ensure that the companies we invest in are tackling social challenges and building their business models around a changing world.

5. Proxy voting at Pyrford in 2019

Pyrford's policy with respect to the voting of proxies is straightforward. Firstly, if the Trustees of the funds under our management direct us to vote in a particular way, we will, of course, implement their instructions. Assets would have to be managed on a segregated basis.

In the absence of such instructions from the trustees, it is Pyrford's policy to consider every resolution individually and to cast a proxy on each issue with the sole criterion for reaching these voting decisions being the best interests of the client. This is part of Pyrford's broader fiduciary responsibility to its clients.

Pyrford have appointed ISS Proxy Voting Services to monitor meetings data and to produce a voting schedule based upon individual client proxy voting guidelines, or Pyrford's guidelines where a client does not provide their own. While we consider ISS to be providing us a 'proxy adviser' service, Pyrford portfolio managers have the final authority to decide on how votes are cast in line with the relevant guidelines. A copy of our Proxy Voting Policy can be found in the appendix to this report and on our website.

Finally, Pyrford do not engage in stock lending on behalf of our clients.

Proxy voting portal

Pyrford has a dedicated on-line proxy voting portal, where details of how we voted on every resolution across our pooled fund range can be found. Where we have voted against management in a resolution, the reason for our decision is highlighted.

Please visit our website (www.pyrford.co.uk) to access the full portal and proxy voting policy.

2019 Voting summary in numbers

Our approach to voting is to vote all proxies in the best interest of our clients. Pyrford will only abstain on a vote, where it proves impossible to obtain adequate or reliable details of the proposals to be voted on within the required time frame.

2019 voting summary in numbers

Voted in **1394** resolutions across all portflolios

at **103** individual company meetings

in over **20** different countries

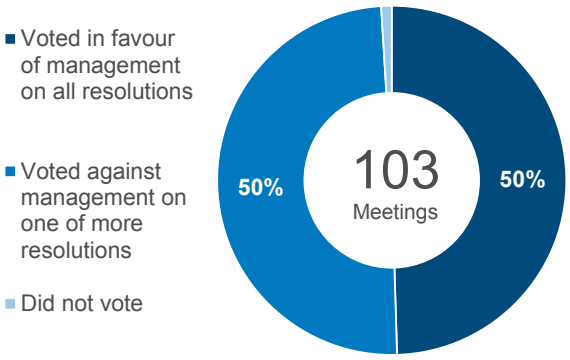
We voted over **99%** of possible ballots

In over **50%** of meetings Pyrford voted against management in one or more resolution

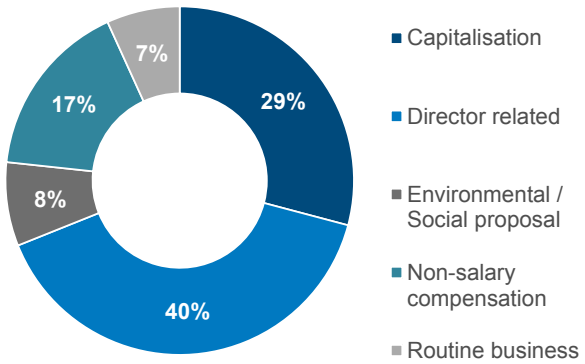
2019 voting summary in charts

In 2019, we voted against management in 50% of the meetings voted in (including votes withheld and abstained). The following charts break down those votes against management by proposal type and country:

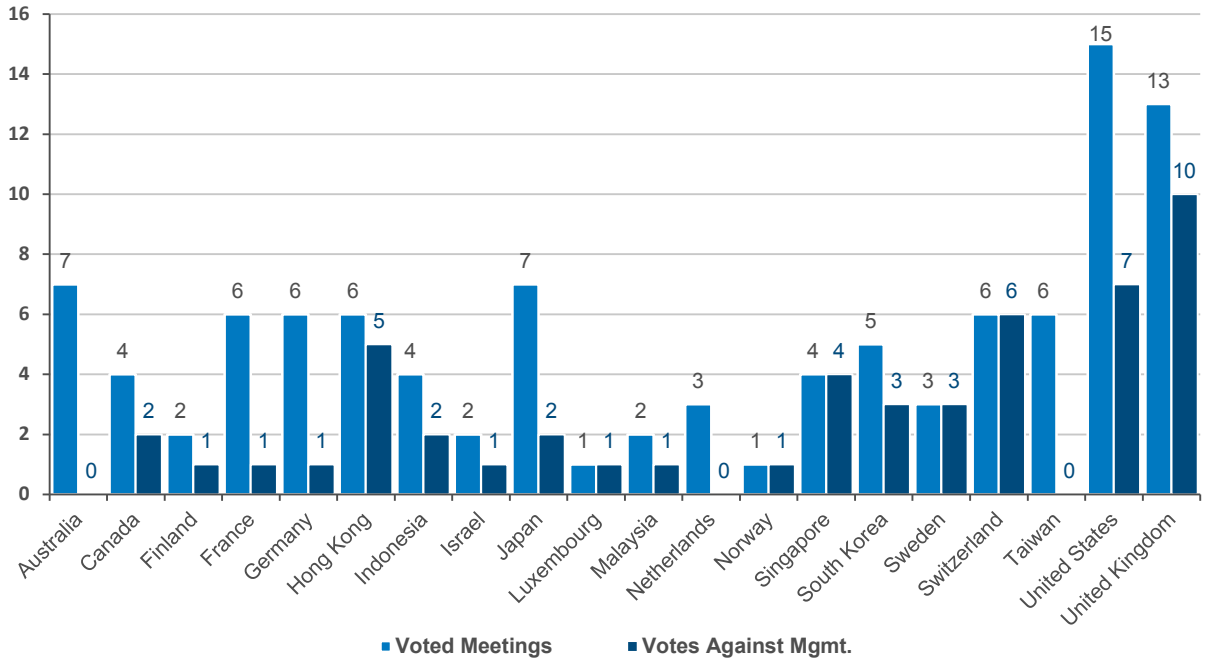
Voted against management recommendation



Resolutions voted against management



Geographic split of meetings votes



6. Proxy voting case study examples 2019

As detailed in the previous section, Pyrford voted in nearly 1400 resolutions at 103 separate company meetings in 2019 and voted against management in 50% of meetings for one or more resolution. In this section we will provide a few case study examples of significant votes carried out by Pyrford. In the spirit of full transparency, Pyrford make a public disclosure of all votes cast on behalf of our investors. Full details can be found on our website at www.pyrford.co.uk under "proxy voting".

COMPANY: **Home Depot** COUNTRY: **United States** ISSUE: **Workplace Diversity** Date: **23 May 2019**

BACKGROUND: The Home Depot Inc. is a home improvement retailer in the USA. The company's stores sell various products related to home improvement products and building materials, lawn and garden products as well as installation and professional services to assist customers in the do it yourself or do it for me professional customers across the country.

At the 2019 annual general meeting, agenda item 4 asked shareholders to vote on whether or not the company should prepare an employment diversity report and report on diversity policies. Management asked shareholders to vote against the motion.

SUMMARY: Pyrford voted against management in relation to the shareholder proposal to prepare reports on the company's diversity practices and prepare an employment diversity report.

Pyrford felt that a vote in favour of this resolution was important, given that at present the company does not publicly report extensive information on the diversity of its workforce. More comprehensive reporting in this area would increase understanding around diversity efforts and allow shareholders to gain better insight into the nature of the company's work force.

Disclosure of policies and diversity associated initiatives would enable shareholders to better assess their effectiveness and impact.

Pyrford remains eager to encourage gender diversity within the employee base of its companies given the evidence that points to the social and financial benefits of a mixed workforce. We meet with Home Depot at least annually and will be raising this issue in our next engagement with the company.

COMPANY: **Telenor** COUNTRY: **Norway** ISSUE: **Remuneration Policy** Date: **07 May 2019**

BACKGROUND: Telenor Group is a large telecoms company with operations across the Nordic region and Asia. The company has mobile operations in Norway, Sweden, Denmark, Finland, Pakistan, Bangladesh, Thailand, Malaysia and Myanmar. Fixed broadband and TV services are also sold in the Nordic countries. In 2019 Telenor reported revenues around $12bn and claimed to reach 186m customers.

At the 2019 annual general meeting, agenda item 9.b. asked shareholders to vote to approve the remuneration policy for executive management. Management asked shareholders to support the motion.

SUMMARY: Pyrford voted against management because the long-term incentives in the remuneration of senior management are not clearly aligned with the best interests of long-term shareholders.

In our view the proposed long-term incentive plan is questionable due to the lack of performance conditions that apply over the lock-in period. Pyrford generally requires long-term incentive programs to have well-described performance criteria and to have performance periods of at least three years. In this case, the program is structured as a cash-based incentive plan where participants are awarded a bonus based on a one-year performance period, which is then converted into shares and locked-in for a period of at least four years. While the total duration of the plan thus significantly exceeds the three-year threshold, the setup with an initial one-year performance period followed by a lock-in period is cause for concern. Please see Item 1.3 of the Pyrford Proxy Voting policy (appendix) for further details. Support for Item 9b could not therefore be warranted.

COMPANY: **Japan Tobacco** COUNTRY: **Japan** ISSUE: **Stock options** Date: **22 March 2019**

BACKGROUND: Japan Tobacco (JTI) is one of the world's largest cigarette manufacturing company. At the 2019 annual general meeting, agenda item 6. asked shareholders to approve amendments to features of its "deep discount" stock option plan, previously approved in the 2007 AGM. Management asked shareholders to support the motion.

SUMMARY: Pyrford voted against management because the proposal failed to meet Pyrford's criteria, as detailed in our proxy voting policy under section 1.3 (see appendix). Two areas of the proposal concerned us. Firstly, there was no stated specific performance hurdles and secondly the stock options could be exercised straight after the meeting.

In Pyrford's views, specific performance hurdles should be disclosed. However, such disclosure is still rare for Japanese companies. Therefore, even if such conditions are neither set nor disclosed, Pyrford could support deep-discount options if they become exercisable after at least three years. Pyrford's proxy voting policy states that: "Restricted stock should not be 100% vested when granted. The usual time period is 5 to 10 years. Options should have a minimum holding period of at least 3 years before they can be exercised. In the case of this proposal, the stock options could be exercisable straight away and therefore Pyrford could not support the proposal.

COMPANY: **Huchems Fine Chemical Corp.** COUNTRY: **South Korea** ISSUE: **Retirement Proposal** Date: **22 March 2019**

BACKGROUND: Huchems Fine Chemical Corp. is a South Korean company engaged in manufacturing of fine chemicals.

At the 2019 annual general meeting, agenda item 3 asked shareholders to vote to approve amendments to executives' severance payment terms. The proposal related to the introduction of a defined contribution (DC) retirement plan. Under the formula proposed, internal auditors will be eligible to receive a retirement bonus. Management asked shareholders to support the motion.

SUMMARY: Pyrford voted against management because, as a result of the new proposals, internal auditors will become eligible to severance payments which could threaten to compromise their independence and objectivity.

Most Korean companies have in-house rules or regulations governing the payment of retirement allowances to executives, and the payments are almost always based on length of service rather than performance except to the extent that salaries themselves are performance linked.

Under the proposal, internal auditors will become eligible to receive retirement bonus. Awarding severance payments to internal auditors could threaten to compromise their independence and objectivity which in turn may threaten the integrity of the company's financial reporting practice. As such, a vote against this proposal is warranted.

COMPANY: **Altria** COUNTRY: **United States** ISSUE: **Lobbying disclosure** Date: **16 May 2019**

BACKGROUND: Altria Group, Inc. is an American corporation and one of the world's largest producers and marketers of tobacco, cigarettes and related products.

At the 2019 annual general meeting, a shareholder proposal (agenda item 5.) requested that the company publish a detailed report on its lobbying policies and expenditures. Management asked shareholders to vote against the motion.

SUMMARY: Pyrford voted against management in relation to the shareholder proposal. While the company does provide some disclosure of lobbying related activities, in our view the disclosures are limited. For one, the company does not disclose a complete list of its trade association membership or other advocacy groups, nor the portion of dues and other payments used for lobbying purposes. In addition, Altria does not provide comprehensive information about its board-level oversight of Altria's lobbying activities and trade association memberships.

Such additional information would allow shareholders to assess the company's management of its lobbying-related activities and to better understand the risks and benefits of these activities. Therefore, Pyrford believe that shareholder support for this resolution is warranted.

7. Pyrford company engagement

Pyrford has always taken a long-term view to investment decisions. The average holding period of our stocks is in excess of 8 years. At no point do we ever take a short term, speculative position in a company.

As long-term shareholders of companies, we have the ability, and in our view the responsibility, to try and influence the business practices of companies by encouraging best practice on ESG issues through a process of ongoing company engagement. In our opinion this is a key factor in reducing risk in the portfolio. Companies are put on notice that we expect them to manage their businesses responsibly whilst pursuing profit growth. It may even be that through our exposure to competitors, suppliers, customers, or to similar companies elsewhere in the world we can help them identify risks facing them earlier than they might otherwise have.

It is Pyrford's belief that engagement through direct discussions with not only management of investee companies, but also with all companies we meet, is the most effective way for us to do this. At Pyrford, we use a range of engagement methods. However, typically our engagement is one-to-one with companies as we believe this method yields the best results. Our Portfolio Managers must visit every company we invest in prior to first investment and we aim to meet with the company at least annually thereafter.

Company Engagement Framework

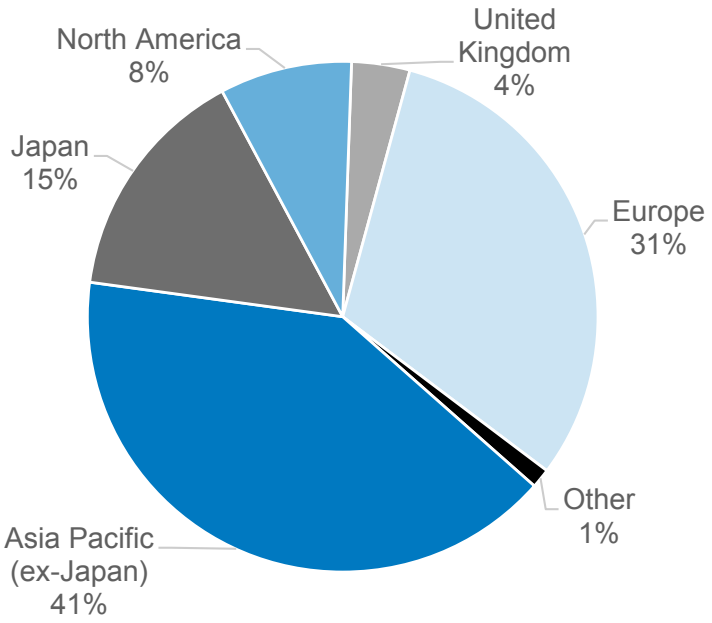
Pyrford have put in place a clear framework where escalation with company management is required and how it is carried out in the event of ESG issues coming to light. We put this framework together in response to the UK Stewardship Code, Principle 4 "Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value." Engagement with companies we invest in has always been an integral part of our ongoing research process. Our engagement escalation framework is as follows:

Level	Comments
Level 1	Investor Relations contacts through email, call or meeting
Level 2	Divisional or executive management via call, meeting or in writing
Level 3	Vote against relevant resolutions if presented to shareholder meetings
Level 4	Board member – in writing or by call or meeting if available
Level 5	Collaborative engagement with other shareholders
Level 6	Sponsoring or co-sponsoring resolutions at company meetings

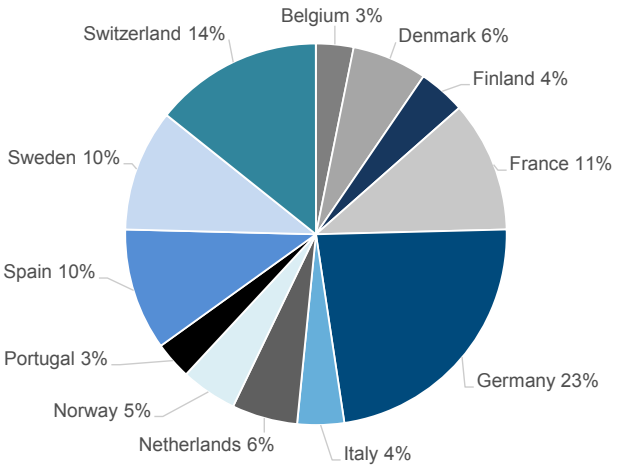
2019 Engagement Activity

In 2019, Pyrford's investment team engaged with 406 companies in over 20 countries worldwide. We track and record the results of every company engagement and below we have provided a geographical split of all company meetings held in 2019:

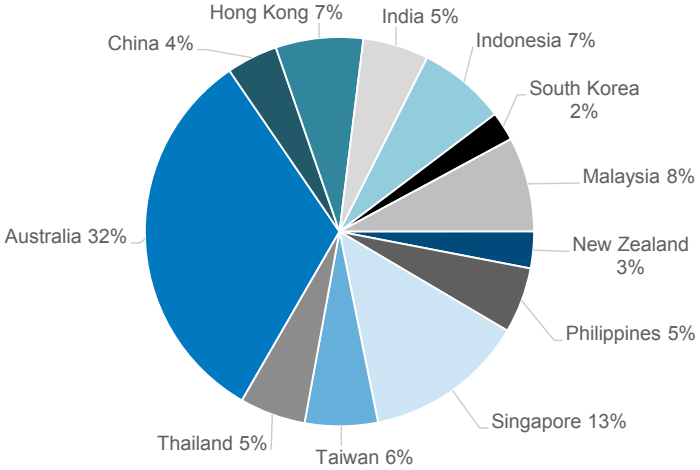
Engagement split by region in 2019



Europe engagement split



Asia Pacific (ex-Japan) engagement split



8. Pyrford engagement examples, 2019

As detailed in Section 7, Pyrford carried out over 400 meetings with companies in 2019.

In this section we will provide case studies from just some of a range of company meetings held, across geographies and on a variety of important ESG issues.

We have included both companies where we own shares and companies within our investment universe that we potentially could invest in. At Pyrford, we believe engagement on issues of ESG should not be limited to companies where we have investments, rather all companies we meet.

We have provided engagement examples from 2019 with the following companies:

Company	Country	ESG Issue	Holding
Axiata	Malaysia	Data Security	Yes
Brenntag	Germany	Supply of chemicals to Syria	Yes
General Dynamics	United States	Involvement in detention centres	Yes
Mitsubishi Electric	Japan	Labour Policies	Yes
National Grid	UK	Electric vehicle charging	Yes
Novartis	Switzerland	Product Safety	Yes
Reckitt Benckiser	UK	Product Safety	Yes
Royal Dutch Shell	Netherlands	Environmental & Governance issues	Yes
S&P Global	United States	Workforce Morale	Yes
Tapestry	United States	CEO compensation	Yes
Tisco Financial Group	Thailand	Data Security	No
Top Glove	Malaysia	Forced Labour	No
VTech	Hong Kong	Data Security	Yes
Woolworths	Australia	Plastic packaging	Yes

For informational purposes only, all holdings are subject to change.

COMPANY: **Axiata**	COUNTRY: **Malaysia**	ISSUE: **Data Security**	HOLDING: **Yes**

BACKGROUND: Axiata is a regional mobile telecommunications provider to over 150 million subscribers across Asia.

The nature of providing mobile telephony services requires personal data on customers to be collected and stored and so any breach of data security is a key risk. The telecommunications industry in Malaysia was subject to an industry wide breach of data security in 2014-2015.

SUMMARY: Pyrford wanted to get an update on Axiata's data security measures and what further enhancements were necessary. Pyrford also sought to understand the cause behind the industry wide data breach in 2014-2015.

Axiata stressed that the industry wide data breach in Malaysia was the fault of a third party service provider and not a result of a failure of their systems. Axiata, alongside their industry peers, were mandated by the regulator to pass data on their customers to this third party, who operated the Public Cellular Blocking Service (PCBS). The PCBS blocked phone numbers when a phone was stolen.

Axiata's assessment of their current performance on data security is that there is still some room for improvement, particularly in terms of technical and process compliance. Additional measures actioned in 2018 that will continue into 2019 includes the implementation of cyber security KPIs for all c-suite executives at all operating companies. These KPIs seek to improve governance and compliance to minimum baseline standards, create a cyber aware culture for the organisation and third parties, and operate cyber security controls under the NIST framework. Axiata also highlighted that they have a Chief Information Security officer who is responsible for cyber security and data privacy at a group level and is leading the enhancement programme.

Pyrford views data security as a key risk area for the telecommunications sector. The ramifications of a loss of customer data are potentially very serious, including damage to brand reputation and financial implications from regulatory action and remediation.

Pyrford is encouraged that Axiata continues to seek to enhance policies and procedures on cyber security and welcomes the implementation of cyber security KPIs at the operating company level and alignment at the group level. Pyrford will continue to engage with Axiata on data security.

COMPANY: **Brenntag**	COUNTRY: **Germany**	ISSUE: **Supply of chemicals to Syria**	HOLDING: **Yes**

BACKGROUND: Brenntag is the largest third party chemicals distributor in the world. The company is currently held across Pyrford's portfolios.

Brenntag has been criticised for the supply of chemicals to Syria in 2014; these chemicals were allegedly used in the production of the chemical agent Sarin (an odourless and colourless poison that targets the nervous system and triggers paralysis.)

SUMMARY: In April 2019 we received an alert from our external ESG research providers, MSCI, notifying us of a potential controversy involving the supply of chemicals to Syria (the source of this information was HR-Human Rights Concerns.)

In May 2019 we met Brenntag management at Pyrford's offices. We asked the company to respond to these concerns. We were told that Brenntag was supplying a chemical called isopropanol that is used in the manufacture of Voltarol (an anti-inflammatory drug). The company informed us that a Swiss pharmaceutical company had asked Brenntag to supply this chemical and that approval by the Swiss authorities was granted for this. Several years later there was a change in regulation which banned this chemical, as it can be used in the production of Sarin. Brenntag stopped supplying this chemical as soon as the regulations changed, according to the company. They claim that the Swiss pharma company 'washed their hands' of this controversy and were unwilling to support Brenntag's account publicly, due to the unwanted publicity that this episode would bring.

We were relatively satisfied with their version of events, in particular the fact that Brenntag immediately stopped supplying isopropanol upon the change in regulation.

Following this meeting, on June 25th 2019, the German newspaper Suddeutsche Zeitung ran a story about the public prosecutor in Essen (the headquarters of Brenntag) commencing investigations regarding this affair following complaints made by some NGOs. The implication was that Brenntag deliberately used a 'loophole' over Switzerland 'for illegal detour deliveries and thus violated the foreign trade law'. The basis of this is that isopropanol exports to Syria had already been banned in the EU in 2012 (and were only banned in 2014 in Switzerland), and that Brenntag had somehow 'gamed' the system. The stock price reacted negatively on the day of this report.

Following this newspaper article, Pyrford had a conference call in July 2019 with company representatives at Brenntag. The company reiterated what we had been told in our May meeting; that the reason the deliveries went through Switzerland was due to the fact that Brenntag was acting on behalf of a Swiss company and not because Brenntag was trying to circumvent stricter (at the time) EU rules. This is backed up by what Suddeutsche Zeitung's report goes on to say – "the State Secretariat for Economic Affairs in Switzerland informed the Basel-based Swiss subsidiary of Brenntag AG by email on 4 June 2014 that it had 'no objection' to the export of isopropanol...according to the government in Bern, the export was legal." Mr Weinberg confirmed that once the Swiss authorities made these exports illegal, Brenntag stopped supplying isopropanol.

In conclusion, we believe that Brenntag's answers are credible, and backed up by the Swiss authorities. The risks from brand damage due to association with negative press are huge and it is therefore crucial that we hold management to account. In this case we do not believe that Brenntag acted either illegally, or immorally, and in due course the public prosecutor in Essen will clear them of any alleged wrong-doing.

COMPANY: **General Dynamics** COUNTRY: **United States** ISSUE: **Immigrant detention centres** HOLDING: **Yes**

BACKGROUND: General Dynamics is an American aerospace and defence company. In 2018 General Dynamics were mentioned in the US press due to their involvement in running the detention centres that were holding asylum seekers/families crossing the Mexican borders.

The stories indicated that families were separated and that children were placed apart from their parents during the detention process.

SUMMARY: Pyrford wanted to enquire whether these stories were actually true and understand the full extent to which General Dynamics was involved in this process.

In 2019 Pyrford had a meeting with General Dynamics at their headquarters in Falls Church, Virginia (USA) on this matter. The company explained that the information in the press had not correctly explained General Dynamics's involvement in the registration process. General Dynamics did not actually run the detention centres but was certainly involved in some of the IT systems at the locations.

In addition, General Dynamics was only involved in the registration of the asylum seekers in order to reconnect relatives with each other who may have become separated during the border crossing.

Following the explanation given by General Dynamics, Pyrford agreed to monitor the story and to follow up with a further engagement on the issue at a later stage.

Shortly afterward it was announced that the company would be disposing of this part of the business.

COMPANY: **Mitsubishi Electric** COUNTRY: **Japan** ISSUE: **Labour Policies** HOLDING: **Yes**

BACKGROUND: Mitsubishi Electric Corporation is a Japanese multinational electronics and electrical equipment manufacturing company headquartered in Tokyo, Japan. Our external ESG research providers, MSCI, downgraded the company due to potential issues around workplace harassment and excessive overtime, which has been alleged to have caused illness and several suicides amongst employees.

The allegations cover the period from 2014-2017 and involve at least one lawsuit. Japanese society has a recognised problem with excessive overtime requirements and recent changes in the law have sought to address this by placing monthly and cumulative limits on the hours of overtime allowable. It is important to us that the corporations in which we invest not only abide by local employment laws but seek to attain best practice globally in their treatment of employees. We began an engagement with the company to clarify which actions have been taken to address the concerns raised.

SUMMARY: The company introduced wide ranging workstyle reforms in April 2016, with efforts to implement various measures based on the recognition that "Reform of workplace culture including measures against harassment and mental health" and "Control of long working hours and appropriate management of working hours" are very important.

The policy covers five main areas of focus with specific aims and targets outlined for each. The five broad categories are:

- Enhancement of training program on harassment , and assessment of appointment of managers
- Quantitative analysis of workplace culture using awareness surveys, and continuous improvement based on the results of the analysis
- Enhancement of measures to identify and respond quickly to employees' workload and mental health conditions
- Thorough provision of appropriate care for employees with mental health problems
- Enhancement of consultation function by multiple structures

According to the company working hours have been drastically reduced since the policies were introduced. FY 2020 targets state that no employee should work more than 80 hours in any one month or 720 hours per year. Mitsubishi Electric has not specifically indicated the average amount of overtime worked by employees and numbers may therefore be relatively high despite meeting legal requirements. We will encourage the company to provide more disclosure in this area, which is becoming increasingly common for Japanese companies.

The Japanese government has specifically targeted the problem of "karoshi" or death by overwork and lists of companies with poor workplace practices are being circulated in Japan. The culture of long working hours has also been a significant barrier to increasing the percentage of women in full time jobs and as such many companies are trying to address several of Japan's work/life balance issues. These include making sure staff actually take holidays, offering flexitime, providing day-care facilities and reducing working hours.

Pyrford views labour management as a key risk area across all sectors. The ramifications of low employee morale and disengagement are very serious, potentially leading to poor production as well as the costs of potential litigation and brand damage.

Pyrford will continue to encourage Mitsubishi Electric to lead with such workstyles changes and provide more numerical data on which they can be held to account.

COMPANY: **National Grid** COUNTRY: **UK** ISSUE: **Electric vehicle charging** HOLDING: **Yes**

BACKGROUND: National Grid is a UK listed utility that owns and operates gas and electricity transmission and distribution networks in the UK and across the North Eastern part of the US.

By virtue of the nature of its operations National Grid has an important role to play in the gradual decarbonisation of the economy. The challenge that climate change poses is linked to many sectors of the economy but few are more centrally involved than the provision of power services. When the opportunity arose to engage with National Grid directly about what they could contribute to the defence against climate change we embraced it readily.

In June 2019 Pyrford hosted a one on one meeting with National Grid. One of the key topics that was explored was the role that the company would play in providing enough charging facilities for electric vehicles to become a more attractive proposal to consumers in the geographies where the company operates.

SUMMARY: Research has shown that the biggest barriers to electric vehicle (EV) adoption are the price of the vehicle and "range anxiety"; the fear that a driver would be left stranded in the event that the battery became drained. The discussion centred around what the company could do to allay concerns on the latter point.

National Grid explained how they were investigating their role in enabling electric vehicle growth by providing a power distribution network backbone to feed the needs of a comprehensive charging network. It was noted that the most developed charging network in the world, in California, provided evidence that when the solution was solely entrusted to the market the provision of charging facilities was patchy at best, tending to focus on the most affluent areas. Thus, one of the key challenges is for the various stakeholders in the provision of such services to co-ordinate and adopt a more comprehensive approach to the problem. National Grid's experience of effectively communicating with regulators and governments is a core skill that they can lend to this process.

From our discussion it was clear that National Grid believe that they have a well-defined role to play in the advent of electric vehicles. Their mission is to take the electricity network to service stations and parking lots in order to provide the skeleton of an ultra-fast charging network where the time taken to re-charge a car battery is comparable to the time it takes to fill up a car with petrol.

The enthusiasm for the topic was a welcome feature of the meeting. Pyrford will be able to continue to monitor the progress status of such projects in future meetings with the company. In particular, we look forward to seeing evidence that competing interests regarding the financing of such services (i.e. who pays for it) are not proving a barrier to their deployment.

COMPANY: **Novartis** COUNTRY: **Switzerland** ISSUE: **Product Safety** HOLDING: **Yes**

BACKGROUND: Novartis is a Swiss listed pharmaceutical company that develops and distributes medicines globally with a broad spread of products across several therapeutic areas.

In mid-2019 the US regulator, the Food & Drug Administration (FDA), approved the Novartis product Zolgensma for the treatment of Spinal Muscular Atrophy. However, several weeks later, Novartis informed the FDA about a "data manipulation" associated with a small batch of trial data that had been submitted as part of the approval process. The issue was heightened by the possibility that Novartis knew about the data discrepancy before the FDA approval was granted yet only informed the regulator of the issue once approval had been secured.

SUMMARY: In November 2019 Pyrford had a one-on-one meeting with Novartis. During that meeting our concern relating to the issue of the Zolgensma data was raised. We were keen to establish whether the episode had been caused by neglect or whether it was a wilful attempt to influence the trial outcome. Despite neither scenario being positive we felt it was important to clarify the underlying issue in order to best be able to monitor the remedies required to avoid a repeat.

Novartis were very clear that the failure to inform the authorities about the complete data set was a case of mistaken oversight rather than wilful neglect. In response, the company has launched an investigation to ascertain what changes need to be considered to tighten up internal controls when guiding new products through the approval process. Novartis has pledged to cooperate fully with the regulator as part of its investigation into the matter.

Aside from this episode opening up the possibility of criminal penalties and financial punishment against Novartis, there are wider issues at stake. The integrity of the new drug approval process is of paramount importance to society. If the veracity of the process or the honesty of the participants is ever called into question it can cause irreparable damage to a process designed to help and protect society at large.

The alleged non-disclosure of data anomalies related to Zolgensma clinical trials clearly exposes Novartis to financial, legal and reputational risks. Having consulted with the company it does appear that the issue was due to a mistake rather than a deliberate plot to deceive the regulator. Regardless, it serves as a salient reminder that the drug approval process needs to be approached in the most thorough manner possible.

COMPANY: **Reckitt Benckiser**	COUNTRY: **UK**	ISSUE: **Product Safety**	HOLDING: **Yes**

BACKGROUND: Reckitt Benckiser is a UK listed international manufacturer of Consumer Healthcare, Infant Nutrition and Household Care & Hygiene products.

Reckitt are involved in the production of goods that require customers to have total confidence in the product. These include over-the-counter medicines, where customers must believe in the reliability of the product to cure or prevent harmful developments, and nourishment for babies and infants, where the end consumer is vulnerable and unable to voice any concerns with product quality. The sensitive nature of these goods means that the integrity of the product quality must be beyond doubt. In recent times the company have experienced difficulties at their Dutch infant formula production facility, which caused an interruption to production, and there has also been a product recall of Durex condoms in the UK and Eire following some failures in burst pressure tests.

In February 2019 Pyrford hosted a one on one meeting with Reckitt Benckiser. One of the key issues that we explored were the challenges that the company had experienced in the manufacturing processes related to several product types.

SUMMARY: The discussion focused on what went wrong at the respective manufacturing facilities. Beyond that, we were keen to discover more details on the enhancements that have been implemented to protect the integrity of the manufacturing processes of critical products in the future. Part of the response revolves around the increase in investment that the company have embarked on, which is largely manifested in the new Australian infant nutrition factory that the company has committed to. Reckitt were also keen to communicate that their "RB 2.0" reorganisation program is intended to foster a more devolved structure across the group, which should increase the focus of regional employees when it comes to monitoring production processes effectively.

Furthermore, the company pointed out that, in the case of both the infant formula and the contraceptives, it was Reckitt's own internal monitoring processes that identified the quality flaws rather than an external regulator. This was gratifying because it increases the chances of the company identifying these types of issues before the products leave the factory gate, increasing the likelihood that Reckitt will merely be faced with a temporary disruption to supply rather than a more serious product recall situation where consumers are put at risk through exposure to substandard product.

Brand integrity is key, especially with the Pharmaceutical sector, where customers expect their products to be safe and effective, above all else Pyrford will continue to monitor the effectiveness of the initiatives that Reckitt have implemented to avoid a repeat of recent difficulties. In particular, we will look at whether any further examples of production irregularities come to light across the varied activities that the company is involved in.

COMPANY: **S&P Global**	COUNTRY: **United States**	ISSUE: **Workforce Morale**	HOLDING: **Yes**

BACKGROUND: S&P Global Inc. (SPGI) is an American publicly traded corporation headquartered in New York City. Its primary areas of business are financial information and analytics. Concerns have been raised by MSCI that S&P Global's acquisition spree could have an impact on employee morale and raise integration issues within the organisation.

Pyrford wanted to enquire whether any issues had been raised at SPGI regarding employee morale given the recent acquisitions at the organisation.

SUMMARY: Pyrford had a meeting with SPGI at their global headquarters in New York. The company explained that any acquisitions were carefully evaluated before SPGI decided whether to proceed; included in this evaluation was strategic fit with the organisation. Most were "tuck-in" acquisitions as opposed to transformative. The last large acquisition was SNL in 2015. SPGI did not notice any major change in employee morale post the acquisitions or recent restructuring intiatives.

While it is difficult to measure the impact of acquisitions on employee morale, Pyrford will continue to request information about employee morale at future company meetings. The risk of increased turnover and associated costs of rehiring and loss of intellectual and human capital are key areas of risk that Pyrford monitor and we are pleased to see the company taking these issues seriously. S&P Global goes beyond offering basic benefits for its employees and offers back-up child and elder care, college coach, scholarship, commuter benefit, tuition disbursement, paid time-off and flexible work. Such a wide array of benefits can be a useful tool for attracting and retaining key talent.

COMPANY: **Royal Dutch Shell** COUNTRY: **Netherlands** ISSUE: **Environmental & Governance issues** HOLDING: **Yes**

BACKGROUND: Royal Dutch Shell is an Anglo-Dutch oil and gas company, classified as a "supermajor", with extensive operations around the world. The company is vertically integrated with activities in exploration, production, refining, chemicals, distribution and marketing.

Shell's activities are controversial as the company is directly contributing to significant CO2 emissions. The nature of its operations and sheer size makes Shell an easy target for environmental campaigners.

In December 2019 Pyrford hosted a one-on-one meeting with Royal Dutch Shell. The meeting was focused entirely on ESG which allowed us an opportunity to explore several topics.

SUMMARY: We began with an overall assessment of Shell's governance. Beyond the publicly available metrics, where Shell scores well – this would include factors like having an independent chairman and well qualified board members with a range of expertise and backgrounds, – we explored how the board is able to effectively oversee a sprawling company, a firm with around 86,000 employees and operations in more than 70 countries. The meeting covered the role of Shell's corporate and social responsibility committee (CSRC) which helps define the group's culture and conduct. We were impressed by how the board of directors is able to review results and operations. They can and do receive reports on a range of topics and have regular field trips to engage directly with Shell's projects. Board members can effectively review operations without going through the senior management. The remuneration policy is well aligned with shareholders' long term interests.

Shell is leading the industry in terms of reducing carbon emissions and preparing for the energy transition away from fossil fuels. The company has set ambitious targets to reduce their own carbon footprint. However we note that their ambitions to 2050 are "back-end loaded" and the company does not currently have a clear path to achieve these goals. They are effectively hoping that technologies will appear to help Shell deliver results. This is an area where Pyrford will continue to monitor Shell's activities. We aim to hold management to account on their ambitions.

A more immediate concern surrounds the risk of stranded assets for oil and gas companies. Shell was able to demonstrate that many reports claiming Shell has stranded assets ignore the fact that these assets are linked to long term contracts. While the transition from fossil fuels to renewable energy and battery powered cars may continue, the oil and gas industry will still be needed for a range of end products.

Shell has also committed to investing significantly into 'New Energies'. The company plans to increase this investment from $1-2bn per annum currently towards $2-3bn by 2021-2025. We do have some concerns about this capital allocation. Yes, it looks good publicly for an oil and gas company to invest in renewable energy but the company admits it has little clue which technologies will succeed. They are hedging their bets to understand which technologies (wind, solar, biofuels, batteries, carbon capture and storage) might be viable for Shell at scale. The objectives for return on invested capital are too vague in our opinion. In the meantime, investors are expected to wait and hope. The investments today may be small in the grand scheme of total capex but we need more evidence that Shell has the expertise to manage this portfolio for shareholders.

We also covered safety at Shell. We are impressed by the firm's culture of safety and note how few accidents occur at Shell operated sites. Most fatalities seem to be due to road accidents. Other fatalities seem to be due to poor safety procedures by contractors. Shell is working to expand training in both areas to reduce the number of accidents. We discussed where Shell sees the limit of its own responsibilities for safety. We remember with some amusement a trip years ago to Shell's headquarters in The Hague where Pyrford was gently reprimanded for not holding the hand rail while ascending a staircase.

Overall, we appreciate that Shell operates in a challenging industry but are impressed by the company's genuine efforts to improve sustainability and set best practice for the sector.

COMPANY: **Tapestry** COUNTRY: **United States** ISSUE: **CEO compensation** HOLDING: **Yes**

BACKGROUND: Tapestry, Inc. (TPR) is an American multinational luxury fashion holding company. It is based in New York City and is the parent company of three major brands: Coach New York, Kate Spade New York and Stuart Weitzman. Pyrford instigated contact with the TPR Board of Directors in light of the increases in CEO compensation given the poor company operating performance of the company over the last 5 years.

Pyrford wanted to establish if the Board of Directors were carrying out their independent fiduciary duty to hold the CEO ultimately responsible for the performance of the organisation and linking CEO pay to the operating performance of TPR.

SUMMARY: Pyrford contacted the secretary to the Board of Directors at TPR on 11 February 2019. A letter was written raising concerns about the increases in CEO compensation over a 5 year period even as the share price of TPR (formerly Coach) continued to trail not only the broader market but also its peer group.

A response was received on Friday 15th February from the TPR Board of Directors. The letter explained that while the CEO salary had increased over the last 5 years, the CEO had failed to collect on the variable portion of his remuneration (stock option awards) due to the under performance of the share price relative to the peer group.

Pyrford will continue to monitor the situation as long as TPR remains a holding in the relevant portfolios and may re-engage with the company post the FY 2019 results which will be reported in August 2019.

COMPANY: **Tisco Financial**	COUNTRY: **Thailand**	ISSUE: **Data Security**	HOLDING: **No**

BACKGROUND: TISCO Financial Group (TISCO) operates in retail & corporate banking, securities and asset management. The company has a strong risk management framework and good corporate governance across the organisation.

The key areas of risk identified at the company surround privacy and data security. TISCO handles significant quantities of sensitive information making it vulnerable to reputational damage, loss of customers, litigation, and possibly regulatory action in the event of a data breach or controversy. Crucially, TISCO lacks a publicly disclosed privacy policy. Our external ESG Research providers, MSCI, were also unable to ascertain whether the company regularly assessed the strength of its information security policies and systems through periodic audits. In addition, the company does not provide training to its employees on information security and data privacy which could help them protect against data loss/leakage.

SUMMARY: On engaging with the company around data security they informed us they have appointed new IT directors to oversee data security. They have also hired external consultants to review their processes. They are aware they need to spend more money to conduct cyber drills. Their customers are wealth customers and their key platform is for banking. They believe they have and need a simple interface that limits what customers can do. Their customers' main requirement is for advisory and better products.

Pyrford views data security as a key risk area for the financial sector and whilst we recognise TISCO has a long way to go; we are pleased to see the company taking data security seriously. The ramifications of a loss of customer data are potentially very serious including damage to brand reputation and financial implications from regulatory action and remediation. We will continue to engage with the company on this important issue.

COMPANY: **Top Glove**	COUNTRY: **Malaysia**	ISSUE: **Forced Labour**	HOLDING: **No**

BACKGROUND: Top Glove is the world's largest producer of rubber gloves, which are primarily used in the healthcare industry to meet hygiene standards and prevent the transfer of disease. In December 2018, various new agencies reported that Top Glove and other Malaysian glove manufacturers were allegedly forcing foreign workers to work excessive overtime and were withholding wages.

Top Glove relies heavily on foreign workers in its operations. Pyrford sought to understand Top Glove's policies on working practices and ascertain whether the allegations were factually correct.

SUMMARY: Top Glove highlighted that when the allegations were first reported they invited various news agencies to visit their factories, some of whom declined. Top Glove strongly refuted claims that they forced workers to work overtime and were withholding wages. However, they did recognise that they were breaching local labour laws by allowing staff, who wanted to, to work in excess of 104 hours overtime per month. Top Glove also stressed that workers have a right and a mechanism to complain if they are not happy. As of December 2018, staff are not allowed to work more than 104 hours overtime per month and Top Glove are in full compliance with Malaysia labour laws.

Top Glove highlighted that there were underlying issues in the provision of foreign workers, particularly the sizeable fee that the employee is liable to repay to foreign recruitment agencies in return for the overseas placement. This is often the reason why foreign workers seek to work as much overtime as possible. Top Glove outlined that the government is currently reviewing the provision of foreign workers and has implemented a number of policy measures including the provision of workers through approved agencies, mandating that employers pay the recruitment cost and they have placed a ban on sourcing of workers from Bangladesh due to high agency fees. Top Glove also highlighted that they were in the process of meeting the labour policy requirements of their international customers. These requirements are more stringent than local labour laws and include an increase in the rest day to 1 day per week from the current requirement of 1 day per month.

Pyrford felt that Top Glove took the allegations seriously, recognised shortcomings and implemented policies to ensure compliance. Top Glove's international customers, however, are placing pressure on the company to meet international standards and so there is potentially a brand and profit risk if Top Glove does not meet these requirements. Pyrford will continue to engage with Top Glove on this issue.

COMPANY: **VTech**	COUNTRY: **Hong Kong**	ISSUE: **Data Security**	HOLDING: **Yes**

BACKGROUND: In late 2015 Vtech was the victim of a hacking attack which saw the personal details of customers on its database stolen. In the immediate aftermath of that attack we began a series of engagements with the company to ensure that they were taking the matter seriously and were devoting enough resources to tighten procedures and reduce the odds of a future attack being successful. We were satisfied that this was the case and have reviewed progress at all subsequent meetings. This new engagement follows an article in the London Evening Standard on March 29th 2019 which alleged that the company had not cooperated with the police in prosecuting the hacker and as a result his sentence was very lenient.

Our objective was to assess the veracity of the newspaper report and possible justifications for the company adopting such a position. This is to ensure that shareholders are not put at risk from any public impression that they will not aggressively pursue individuals engaged in hacking attacks against the company.

SUMMARY: A scan of the Evening Standard article was emailed to the Investor Relations manager at the company. She responded very promptly stressing that the company "did cooperate with the UK police to our full extent possible" and pointing out that the perpetrator was caught within a month. She pointed to confidentiality as a reason for not disclosing more details on the nature of the company's cooperation and argued that the charges and punishment were the responsibility of the UK authorities. This closing comment does potentially support the case that the punishment was unusually lenient. We plan to follow up on this at our next face-to-face meeting with the company.

COMPANY: **Woolworths Group**	COUNTRY: **Australia**	ISSUE: **Plastic packaging**	HOLDING: **Yes**

BACKGROUND: Woolworths is the largest supermarket and the most valuable brand in Australia. To support the company in anticipating changing customer perceptions about the unnecessary use of plastic packaging in their products and stores.

SUMMARY: We began our engagement with Woolworths in 2017 as concern about the unnecessary use of single-use plastics in the UK was mounting. Public opinion on the matter shifted very rapidly from ambivalence and a lack of awareness of the impacts, to sufficient concern for consumers to immediately change their buying habits and we were concerned that a similar shift in Australia could leave Woolworths wrong-footed. This change was triggered by the broadcast of a documentary by the highly regarded UK broadcaster and naturalist, David Attenborough, on the impact of waste plastic reaching the ocean.

At our first discussion we were pleased to learn that Woolworths had already committed to remove single use plastic carrier bags from their stores the following year. Woolworths went ahead with their ban in mid-2018 and were prepared to weather a short-term fall in sales as their main competitor first introduced a similar ban but then reversed it, handing out thicker, reusable bags for free for a number of weeks.

At our update in 2018 the company were able to report that their ban would remove 3 billion plastic bags from their stores a year. We were keen that the momentum would not be lost and asked for details on forthcoming initiatives, in particular those around product packaging. The company reported that they were working on removing plastics from the fruit and vegetable aisles of their stores and expressed their admiration for the approach taken by Morrisons in the UK to use brown paper bags in these areas.

One area we challenged them to investigate specifically was the use of black plastic trays to sell pre-packed meat products. The established view, both in the UK and Australia, was that the consumer would not like the appearance of raw meat on anything other than black plastic as it made any blood in the packet harder to see. The problem, however, with using black is that whilst the plastic material itself may technically be recyclable, the optical sorters used in many automated recycling centres couldn't identify black products, routing them for incineration or landfill rather than recycling.

During our most recent meeting, in October 2019 we were delighted to learn that not only had >300 tonnes of tonnes of plastic been removed from fruit and vegetables and even more had been removed from the instore-bakeries, but that plastic straws were no longer sold and meat products were being moved to cardboard trays from November.

As a long-term shareholder we will continue to discuss areas in which the company can improve further but are delighted that management have clearly made the use of materials in their supply chain a much greater priority. Arguably, they are now the leader in the retail industry in Australia on this front.

9. Pyrford's environmental policy

At Pyrford we are committed to limiting the impact of our business operations on the environment and to demonstrating leadership by integrating environmental considerations into our wider business practices.

To finish, we would like to share with you how we consider sustainability at Pyrford within our everyday working practice. Broadly speaking our approach can be across four main areas of its operations: premises, travel, recycling and consumables.

Premises: In February 2014, Pyrford moved into a recently completed purpose built office building at 95 Wigmore Street (London, W1U 1FD). The building was designed to achieve high degrees of sustainability through the maximisation of natural light, adoption of energy saving lighting controlled by motion sensors, energy-efficient elevator programming and part-solar heating of water supplies.

The building has been assessed by the "Building Research Establishment Environmental Assessment Method" (BREEM) and awarded "Excellent" certification for sustainability.

Travel: 95 Wigmore Street was selected by Pyrford due to its easy accessibility via public transport and the provision of cycle storage, along with shower and change facilities. No parking is provided to employees, all of whom arrive on foot, cycle or by public transport.

Though travel, to clients and research opportunities, remains an important aspect of many Pyrford employees' work, video conference facilities have been installed in several meeting rooms to avoid the need for it when possible.

All travel that is undertaken is monitored to optimise itineraries.

Recycling: Within the office all cans, PET bottles, glass and print toner cartridges are collected for recycling. All organic waste is sent for composting and spent coffee 'pods' returned to the manufacturer for reclamation.

Our paper is responsibly sourced and we engage with our suppliers, ensuring high environmental standards are met. All paper is recycled where possible and where possible we encourage staff to use "soft copy" documentation over printing.

Consumables: Purchases of consumables with high recycled content are favoured when possible.

10. Pyrford's Proxy Voting Policy

In section 10, we have provided Pyrford's full Proxy Voting policy. The policy is reviewed annually and the latest version can always be found on our website, along with our bespoke Proxy Voting portal which details all votes cast. Full details can be found at www.pyrford.co.uk under "proxy voting".

1.0 Specific Policies

The following guidelines are a summary of Pyrford's philosophy on major Proxy Voting Issues.

It is not an exhaustive list and the test of how Pyrford should vote will remain on a case by case basis judged by overall shareholder interests.

1.1 Social Responsibility

- Proposals protecting the environment must be individually examined. Vote in support of disclosure type proposals. Vote for reports on the extent to which the company conforms with the CERES Principles (please see section 2, page 5 for full details of the principles);
- Proposals regarding nuclear energy must be individually examined. Vote in support of disclosure type proposals;
- Proposals disclosing human rights issues should be supported after being individually examined;
- Vote for resolutions that request the company to develop criteria for military contracts and report on its activities to shareholders;
- Vote against resolutions regarding conversion or diversification into civilian fields, interfere with management prerogatives or demand that the company abandon its military business;
- Vote for resolutions requesting reasonable disclosure of hiring, evaluation and promotion policies and practices;
- Withhold votes from, or vote against, a suggested slate of directors that has been unresponsive to social or environmental issues and where corporate performance has been unsatisfactory;
- Vote in favour of proposals for increased regulation in the area of testing and approval of genetically engineered foods. Vote in favour of proposals for stronger long-term testing procedures and protocol in genetically engineered foods.

1.2 Board of Directors

- Support having the positions of Chair and CEO filled by separate individuals.
- Vote against cumulative voting unless cumulative voting will provide an independent voice on an otherwise unresponsive board of directors.
- Vote in favour of shareholders being permitted to vote for individual directors rather than as a slate.
- Vote in favour of shareholders being permitted to express their approval of the contribution made by each director.
- Vote in favour of shareholders being permitted to require each director to provide greater accountability of their effectiveness on the part of the Board.
- Vote in favour of proposals that boards be comprised of a majority of independent or unrelated directors. Companies should disclose on an annual basis whether individual directors are unrelated directors.
- Vote in favour of proposals suggesting that a board's nominating, compensation and audit committees be comprised mostly or entirely of unrelated directors.
- Vote in favour of confidential voting procedures.
- Vote in favour of the annual election of all directors.
- Vote against increases in the size of the board above acceptable thresholds and when the proposed change might be used as an anti-takeover device.
- Vote against staggered Boards.
- Vote for director liability and against indemnification.
- Vote against or withhold voting for those directors who have a poor attendance record (less than two thirds) at board meetings.

- Where applicable, vote for proposals that are consistent with the following positions:

- **Diversity**

Boards should have members with differing backgrounds and expertise.

- **Commitment**

Individual board members should be expected to attend all board meetings and prepare in advance of the meetings. A director's continued service should be reviewed if he/she does not attend at least two thirds of board meetings.

- **Number of Directorships**

Individual directors should not serve on an excessive number of boards.

- **Effectiveness**

Boards should have processes in place to rate the effectiveness of both the board as whole and individual directors, and be prepared and willing to make changes as necessary.

- **Terms**

Boards should consider establishing a maximum length of service for Directors.

- **Approach to Corporate Governance**

Boards must be willing to engage in dialogue concerning corporate governance practices, establish acceptable corporate governance standards, disclose those standards and regularly evaluate the effectiveness of those standards.

Approach to Shareholders

Boards must ensure there is a corporate willingness to communicate directly with shareholders and disclose information that demonstrates accountability to shareholders. There should be full disclosure of director compensation and meeting attendance.

Proxy Voting

Boards should include opposing views on proxy circulars and should publicly communicate proxy voting results.

1.3 Executive Compensation

- Vote against any compensation measures which can be construed as excessive or likely to diminish the value of the corporation;

- Vote in favour of stock option plans, provided that such plans are not excessively generous having given due regard to:

- Stock option plans are intended to tie compensation to performance;

- Options must be priced at a level that conforms to the pay-for-performance principle;

- Any plan that authorises shares representing 10% or more of the existing outstanding shares should not be supported;

- Any plan that authorises shares representing 5%-10% of the existing outstanding shares should be given close scrutiny;

- The price should not be lowered on options already granted in the event of a reduction of share price or market under-performance;

- The number of options granted in a given year should be restricted to less than 1% of the shares outstanding (or 20% of the options available under the plan);

- Awards to employees/employee directors and to non-employee directors should be allowed provided that awards to non-employee directors are non-discretionary, clearly defined, contain fixed issue and exercise rules and do not represent excessive dilution;

- Restricted stock should not be 100% vested when granted. The usual time period is 5 to 10 years. Options should have a minimum holding period of at least 3 years before they can be exercised;

- The following forms of stock options should be supported: non-qualified stock options granted at fair market price, incentive options, restricted stock with adequate restrictions, performance shares, stock appreciation rights and phantom shares (Note 1);

- Support stock option plans with change in control provisions which do not allow for option holders to receive more for their outstanding options than shareholders would receive for their shares;

- Oppose change in control arrangements developed in the midst of a takeover fight specifically to entrench management;

- Oppose plans that give the Board of Directors broad discretion in setting the terms of the grant (price, form, replacement etc.);

- Support plans that allow employees to acquire stock options with a company loan that is reasonable in relation to annual salary and at market rates (Note 1);

- Oppose plans that do not require periodic shareholder approval;

- Oppose Omnibus plans. Shareholders must be able to vote on each component of such a plan;

- Companies should clearly disclose the cost of option plans.

- Vote against 'golden parachutes' that may provide excessive compensation to management and/or materially reduce the value of the company to an acquirer;

Note 1 – Individual client guidelines differ on these issues and reference to guidelines should be made for each client.

1.4 Takeover Protection

- Support plans ("poison pills") to provide the target company with sufficient time to maximise value in a takeover situation;

- Support plans that provide for equal treatment of the shareholders of a corporation with a change of control;

- Do not support provisions ("poison pills") that are designed to prevent a takeover from occurring;

- Do not support plans ("poison pills") which entrench management to the detriment of shareholder interest;

- Support Boards of Directors that:

- Submit major corporate changes to a committee of - independent directors for review and approval;

- Submit major corporate changes to a vote of shareholders not controlled by management (without impediment);

- Give shareholders ample time for review and enough information (usually audited financial statements) to make informed judgements;

- Do not allow management to short track a takeover bid by using the company's retained earnings or borrowing power to buy up large blocks of stock or by seeking out a friendly third party to buy large blocks of stock without extending the offer to other shareholders;

- Propose a shareholder rights plan with a renewable lifetime of not more than three years at which time the plan must be re-submitted to shareholders for approval;

- Approve only break fees that are computed by reference to the direct costs of the acquirer's bid and do not discourage competitive bids (See previous, Note 1);

- Allow for exemptions for lock-up agreements so that a bid may proceed and not be prevented by a lock-up agreement.

- Vote against shareholders rights plans unless it is determined that a specific plan is in the best interests of the shareholders.

- Vote against 'Crown Jewel' defence proposals unless there is evidence that shareholder interests are protected.

- Vote for "going private" transactions only if shareholder interests are protected.

- For leveraged buy-outs and/or lock-up arrangements which do not meet the above criteria, withhold votes from or vote against the slate of directors at the first opportunity, if it is evident shareholder interests are not protected.

- Vote in favour of re-incorporation proposals that are justified on financial, commercial or economic grounds.

- Vote against re-incorporation proposals that are used as part of an anti-takeover defence or to limit directors' liability.

1.5 Shareholder Rights

- Keep informed about corporate governance issues and manage proxy votes to protect stock ownership rights from protection;

- Do not allow a preoccupation with the short-term to interfere with management's ability to concentrate on long-term returns, productivity and competitiveness;

- Vote against proxy systems which do not permit shareholders to vote on issues individually and without links to other proposals;

- Vote against issuance of a new stock with rights beyond those in shares outstanding unless offered on a pro-rata basis to existing shareholders before being sold to outsiders;

- Vote against the granting to, extension of or restoration of any multiple-voting privileges held by any officer or director of the company;

- Vote for the replacement of dual class shares with one-share, one-vote shareholder democracy, provided that the cost of such charge is modest and in the non-controlling shareholders best interests;

- Vote against any super-majority voting requirement that exceeds two-thirds of the outstanding shares;

- Vote against greenmail or equivalent transactions. If no vote is offered on a general transaction, withhold vote from or vote against the slate of directors at the first opportunity;

- Vote against linked proposals where contrary to shareholder interests;

- Vote against share issues or equivalents for which voting privileges have not been defined, such as blank cheque preferreds;

- Vote for increase in authorised common stock, not to exceed 100% of existing authorised shares;

- Vote in favour of price provisions as long as they are not linked to other governance issues;

- Shareholder proposals should be viewed on a case-by-case basis. Do not support proposals that:

- Require management or directors to consider a wide range of discretionary factors in making business decisions;

- Are submitted for the purposes of enforcing personal grievances or for securing publicity for a personal matter;

- Do not have a significant relationship to the corporation's business or affairs;

- Are not within the authority of shareholders to decide.

1.6 Appointment of Auditors

- Review the recommendations by the Audit Committee and board of directors to ensure the independence and accountability of auditors, especially in the following circumstances:

- The recommended auditor is replacing a previous auditor because of a disagreement between the previous auditor and management or the board;

- The audit firm receives significant non-audit consulting fees from the company;

- The same firm and/or partner in the firm has performed the audit for excessively long periods of time;

- The audit firm has been derelict in its duties in the past.

- Companies should disclose all relationships with the audit firm and the amount of fees paid to the auditors for the audit and non-audit consulting fees;

- Recommendations will be considered on a case-by-case basis. Vote against the auditors recommended by the board if companies fail to disclose all relationships with the audit firm, or the fees paid to the auditors for non-audit consulting services exceeded the fees paid for the audit.

2.0 The Ceres (formerly Valdez) Principles

2.1 Protection of the Biosphere

We will minimise and strive to eliminate the release of any pollutant that may cause environmental damage to the air, water, or earth or its inhabitants. We will safeguard habitats in rivers, lakes, wetlands, coastal zones and oceans and will minimise contributing to the greenhouse effect, depletion of the ozone layer, acid rain or smog.

2.2 Sustainable Use of Natural Resources

We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve non-renewable natural resources through efficient use and careful planning. We will protect wildlife habitat, open spaces and wilderness, while preserving biodiversity.

2.3 Reduction and Disposal of Waste

We will minimise the creation of waste, especially hazardous waste, and wherever possible recycle materials. We will dispose of all waste through safe responsible methods.

2.4 Wise Use of Energy

We will make every effort to use environmentally safe and sustainable energy sources to meet our needs. We will invest in improved energy efficiency and conservation in our operations. We will maximise the energy efficiency of products we produce or sell.

2.5 Risk Reduction

We will minimise the environmental, health and safety risks to our employees and the communities in which we operate by employing safe technologies and operating procedures and be being constantly prepared for emergencies.

2.6 Marketing of Safe Products and Services

We will sell products or services that minimise adverse environmental impacts and that are safe as consumers commonly use them. We will inform consumers of the environmental impacts of our products or services.

2.7 Damage Compensation

We will take responsibility for any harm we cause to the environment by making every effort to fully restore the environment and to compensate those persons who are adversely affected.

2.8 Disclosure

We will disclose to our employees and to the public incidents relating to our operation that cause environmental harm or pose health or safety hazards. We will disclose potential environmental, health or safety hazards posed by operations, and we will not

take any action against employees who report any condition that creates a danger to the environment or poses health and safety hazards.

2.9 Environmental Directors and Managers

At least one member of the Board of Directors will be a person qualified to represent environmental interests. We will commit management resources to implement these Principles, including the funding of an office of Vice President of Environmental Affairs or an equivalent executive position, reporting directly to the CEO, to monitor and report upon our implementation efforts.

2.10 Assessment and Annual Audit

We will conduct and make public an annual self-evaluation in implementing these Principles and in complying with all applicable laws and regulations throughout our world-wide operations. We will work toward the timely creation of independent environmental audit procedures which we will complete annually and make available to the public.

3.0 Proxy voting procedure

Pyrford have appointed ISS Proxy Voting Services to monitor meetings data and to produce a voting schedule based upon individual client's proxy voting guidelines or Pyrford's guidelines where a client does not provide their own.

This schedule requires authorisation by an appropriately authorised member of our Investment team before the votes are registered.

Pyrford's practice in voting proxies clearly reflects the issues that we consider important in making investments. Pyrford seeks to invest in well financed companies with a strong management team and sound strategy which is capable of delivering attractive earnings and dividend growth over the long term. It is in this way that we believe our clients will achieve the best investment performance. This practice will involve the active consideration of all relevant and material factors pertaining to environmental, social and governance issues.

The proxy voting policy outlined above is applied to all countries in which we hold shares on behalf of our clients. We receive proxy notices from the account's custodian, or a third party appointed by the custodian. ISS carry out a reconciliation of the number of shares on the proxy ballot and our internal records

Pyrford will seek to vote on all proxies who have delegated responsibility to vote such proxies. We will only abstain on a vote where it proves impossible to obtain adequate or reliable details of the proposals to be voted on within the required time frame. Having appointed ISS, this is now only likely to happen in exceptional circumstances.

11. Contacts

We hope readers find our Annual ESG Report useful and we would welcome comments and feedback for future editions. Furthermore, we would be delighted to meet with clients and indeed peers to engage on any of the issues raised.

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